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THE POPE'S PLAN

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FOR SOCIAL RECONSTRUCTION

*A Commentary on the Social Encyclicals
of Pius XI*

By

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PREFACE

THE humble purpose of these pages is to set forth the teachings of the late Holy Father Pius XI on the reconstruction of society and to unfold the rich implications relative to a true philosophy of society contained in his social Encyclicals. They seek to mine the solid gold stored there and to mint it into popular currency. In this manner they meet the ardent wish of Pius XI for the wide diffusion of sound social principles of which the world of today stands in such great need.

A fuller understanding of the Papal program will assist the groping nations in finding a solution of their urgent problems and a way out of the sorry plight into which they have fallen because they were misled by false philosophies. It is becoming increasingly clear to thinking men that social salvation can come only from a philosophy which affords a true concept of the nature of man, a right idea of the purpose of human existence and a proper appreciation of the place of the economic order in the total scheme of life. The Papal Encyclicals take this high vantageground and thus are able to shed light not only on the moral problems involved but also on more remote questions of industrial organization. Their great merit lies in this that they unerringly point out the direction in which social reconstruction and industrial organization must move and signal the dangerous pitfalls which entrap social theorists who are wrong in their basic moral orientation and hence have only partial views of the problems with which they are dealing. In the economic order man is central and thus it can readily be seen that misconceptions as to the nature and destiny of man will have fatal repercussions in the

realm of industry. Whenever human affairs are concerned, ultimate religious and moral principles, far from being irrelevant, are on the contrary eminently and immediately practical.

In the light of these principles it appears which forms of economic organization possess the required properties to ensure human welfare in a comprehensive sense. They likewise provide the criteria by which the working value of particular industrial arrangements and social institutions can be judged as they have a more intimate and direct bearing on economic relations and industrial policies than would seem at first blush. Justice among men is so vital that violations of this virtue can actually stop the wheels of the industrial machinery. To stress the human factor in economic relations means to touch industry at its most sensitive and responsive point.

The most imperative requirement of our chaotic modern society is a framework that makes for steady functioning. There must be an organic structure which while expressive of human dignity and social justice and protective of all higher values, at the same time regulates production in a way that it will serve the material wants of the community. Without such an organization justice will be frustrated and any attempt at the rationalization and regulation of industry turn into intolerable regimentation by external compulsion. Vocational organization in the mind of the Supreme Pontiff is the key to the problem, securing order and stability while safeguarding liberty. The idea of functional organization is in the best sense empirical. It is borrowed from the past and has a long history behind it. It is of the very essence of the economic order, a fact which simpler economics bodied forth very clearly but which later became obscured and which has to be relearned by a generation grown up under a liberalistic regime. Withal, as Pius XI understands it, it is not a fossilized idea, long since buried and dug up from the graveyard of the past, but a living principle to be adapted to present day economic conditions. He offers not a rigid pattern of obsolete

design to be imposed on a society that has passed from small scale craft production to factory mass production but exhibits the medieval guild system as a concrete instance from which a universally valid principle of organization may be disengaged. This principle of functional organization must be re-embodied in our times. The re-embodiment of the functional group idea under present conditions calls both for the revival of a really social spirit and the best efforts of economic thinking.

Since the Papal Program is essentially based on rational principles, it appeals also to those who do not belong to the Catholic Church. As a matter of fact, many from all sides are rallying to the Papal ideas, either because they have derived them from the Encyclicals themselves or discovered them by independent research. Surely, this is an auspicious and fortunate circumstance for it spells added support for the movement which by such an access of power will pick up greater momentum, bringing the desired goal perceptibly nearer. The clearer understanding of the issues and the stronger religious motivation on the part of Catholics, however, makes it incumbent on them to march in the van of the movement, to prevent its turning into futile by-paths and especially to supply it with the necessary dynamic force.

At this juncture a reference to practical Christianity is pertinent. To achieve the desired results nothing less will prove effective than a sincere religious renewal. Practical Christianity will bring the program to a final fruition but it must really be a practical, honest, vital and wholehearted Christianity. Unfortunately, many Catholics will have to confess that theirs is only a Christianity of the lips, especially in regard to social duties.

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REORGANIZATION OF SOCIAL ECONOMY (Nell-Brcuning Dempsey).

M. H. Gill & Son, Ltd., FRAMEWORK OF A CHRISTIAN STATE (Cahill).

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A CHRISTIAN SOCIOLOGY FOR TODAY (Reckitt).

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JESUS CHRIST AND THE SOCIAL QUESTION (Peabody).

CHRISTIAN LIFE IN THE MODERN WORLD (Peabody).

THE RECONSTRUCTION OF RELIGION (Ellwood).

THE SOCIAL CATHOLIC MOVEMENT IN GREAT BRITAIN (McEntee).

CHRISTIANIZING THE SOCIAL ORDER (Rauschenbusch).

Oxford University Press, HISTORICAL JURISPRUDENCE, Vol. I (Vinogradoff).

Sheed and Ward, CATHOLICISM, PROTESTANTISM AND CAPITALISM (Fanfani).

PHILOSOPHY OF FORM (Watkin).

The bibliography appended is purposely restricted and lists works only that bear on the phase of the subject with which the volume occupies itself.

C. BRUEHL

INTRODUCTION

By Right Rev. Msgr. J. M. Corrigan, D.D., Rector,

The Catholic University of America.

IT is not so much the memory of a pleasant academic association with the author extending over more than a decade as the thought, that the present volume fits in well with the special commission recently entrusted by the late Pope Pius XI to the Catholic University, which prompts the writing of this Introduction. In a private audience granted to its Rector as well as in a letter addressed to the University, that gloriously reigning Pontiff, whose keen mind so carefully diagnosed the ills of our times and whose paternal sympathies in an anxious desire to help reach out to a troubled and afflicted world, made it clear how much he had at heart that the social message of the Church be brought to the people of America that they might be guided by its teachings in their efforts to rebuild a shattered economic structure and to preserve the precious legacy of democratic freedom which is seriously menaced by the subversive principles of soulless philosophies. Obviously, the task assigned to the University cannot be accomplished without the cooperation of Catholic students scattered throughout the country. In view of this I heartily welcome the work of the author and am confident that it constitutes a valuable contribution to the cause of social reform.

The work is the outcome of many years of study. Like the Encyclicals it conceives of the economic question not as an isolated problem but as an integral part in the larger context

of the whole purpose of life. This wider perspective which envisages economic activity both as a means of ministering to physical needs and as a vehicle offering opportunities for personal self-expression and the fuller realization of human values, saves the author's treatment of the subject from that confident oversimplification which vitiates so many proposals of reform too anxious to obtain immediate results. The work, popular in appeal and non-technical in exposition, cannot fail to be most acceptable to all those seeking light in the bewildering confusion of social thought today.

When we read the chapter dealing with "Justice, A Most Unpopular Virtue," we recognize at once that we are in the presence of a student who has thought through to the very fundamentals of today's problem. Step by step the author breaks down his general subject "Christian Sociology" to cover the vexed questions of Private Ownership and the Socialization of Property, Industry and Its Ethical Background, the Problems of Individuality and Personality, the Profit System and Its Moral Aspects, the Dignity of Labor, Man and the Tragedy of the Machine. He then proceeds constructively to the Spirit and scope of the remedies proposed by the Papal Encyclicals and finally evaluates Christian corporatism and the effects of corporate organization.

There is every reason to congratulate both the author and the readers on this lucid and well-balanced presentation of a subject of supreme practical importance in an age on which profound social changes will be forced and which needs a plan for the building it must undertake.

JOSEPH CORRIGAN

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Washington, D. C.

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CHAPTER ONE

RELIGION AND ECONOMICS

IT may be safely stated that the primary purpose of Christianity was neither economic reconstruction nor social reorganization. Though we can find in the utterances of Christ drastic denunciations of social and economic abuses rife in His days, we would have difficulty in pointing to a direct attack on any social or economic institution. Thus, He tells the poor, not that they will be rich, but that they will be blessed. There is not the slightest evidence that He contemplated anything like the economic and social leveling proposed by modern socialism and communism. It is quite certain that He did not try to arouse in His hearers revolutionary sentiments or stir up social discontent. On the contrary, the whole tendency of the Gospel is to instill into the hearts of men resignation and patience and to render the less favored content with their lot. Perhaps the most striking fact in the teaching of the Gospel is that it does not contain an open condemnation of slavery. Practically every social institution and economic arrangement existing in the times of Christ is accepted and at least tacitly sanctioned. The parables take the existing social order for granted, and draw from it beautiful illustrations of spiritual truths; if these references cannot always be used in defense of the practices alluded to, neither can they be construed as condemning them.

The Gospel message is preeminently a personal one, addressed to the individual in a very intimate manner and concerned chiefly about his soul and not about his social condition. It did not attempt to alter the social status of those who

were converted, but told them to seek their salvation in the social circumstances in which they happened to be placed. A. Harnack, therefore, is not wrong when he observes: "The Gospel is not one of social improvement, but one of spiritual redemption." And in similar manner Professor Francis Greenwood Peabody writes: "The supreme concern of Jesus throughout His ministry was—it may be unhesitatingly asserted—not the reorganization of human society, but the disclosure to the human soul of its relation to God. Jesus was, first of all, not a reformer but a revealer; He was not primarily an agitator with a plan but an idealist with a vision. His mission was religious."¹

We may appropriately add another quotation of similar import which reads: "Under the influence of this new historical study of Christ, and under the pressure of the intense social interest in contemporary life, the pendulum is now swinging the other way. Men are seizing on Jesus as the exponent of their own social convictions. They all claim Him. 'He was the first socialist.' 'Nay, He was a Tolstoian anarchist.' 'Not at all; He was an upholder of law and order, a fundamental opponent of the closed shop.' It is a great tribute to His power over men and to the many-sidedness of His thought that all seek shelter in His great shadow. But, in truth, Jesus was not a social reformer of the modern type. Sociology and political economy were just as far outside of His range of thought as organic chemistry or the geography of America. He saw the evil in the life of men and their sufferings, but He approached these facts purely from the moral, and not from the economic or historical point of view. He wanted men to live a right life in common, and only in so far as the social questions are moral questions did He deal with them as they confronted Him."² We have quoted Protestant theologians in this connection, because from that

¹ "Jesus Christ and the Social Question" (Macmillan).

² Rauschenbusch, "Christianity and the Social Crisis" (Macmillan).

side chiefly came the efforts to reduce Christianity to a movement of social reform. The citations prove that not all exponents of Protestantism hold these extreme views.

In order to gain a comprehensive view of the situation we must also allow the radical advocates of the social character of the Gospel to have their say. Pastor Rudolf Todt writes: "Whoever would understand the social question and would contribute to its solution, must have on his right hand the works of political economy, on his left those of scientific socialism, and before him must keep open the New Testament. . . . With the exception of its atheism, the theory of socialism cannot be opposed from the point of view of the Gospel. Its principles not only conform to the tests of the New Testament, but contain evangelical and divine truths."³ Pastor Naumann writes in the same strain: "Jesus is a man of the people; His talk is with constant reiteration of the rich and the poor. To save men's souls He is the enemy of wealth. He is on moral grounds a radical enemy of capital. What are to be the tests of the Last Judgment? Not dogmas or confessions, but one's relation to human need."⁴ Even more decisive are the utterances of an American writer: "The Sermon on the Mount is the science of society. It is a treatise on political economy. An industrial democracy would be the actualization of Christianity. It is the logic of the Sermon on the Mount. The worst charge that can be made against a Christian is that he attempts to justify the existing social order. No man can read the Gospel himself without seeing that Jesus regarded industrial wealth as a moral fall and a social violence. If we would follow Jesus in the social redemption, it would be by storming the citadel of monopoly."⁵

If the Gospel is not primarily a social theory, it does however contain doctrines which cannot but exert a powerful

³ Quoted from Peabody (*op. cit.*).

⁴ "Was Neisst Christlich-Sozial?"

⁵ Herron, "The Larger Christianity."

influence on all social relations and human development. Not only has Christianity had the most beneficent effects on social evolution, but these effects are not yet exhausted. Social improvement is unquestionably a product of Christianity, though it may come about in an indirect manner. Christianity renews the social order because it renews the men who conduct industry. In this respect is true what Professor Peabody says: "To reconstruct the Gospels so as to make them primarily a program of social reform is to mistake the by-product for the end specifically sought, and, in the desire to find a place for Jesus within the modern age, to forfeit that which gives Him His place in all ages." ⁶ As a consequence, the economic teachings of the Gospel will not be directly patent, but will be of an implicit nature. They will have to be inferred from doctrines of wider moral application, the economic bearings of which are not immediately evident. Here again we find ourselves in agreement with Professor Peabody who writes: "Assuming, then, that humanity is to remain for the present as it is, one may proceed to inquire how the men and women of this present world may conduct their business, make their commercial decisions, estimate their successes, win their rewards, and adjust themselves to the industrial order, in ways which might commend themselves to the mind of Jesus Christ. When one turns for an answer of this question to the Gospels, he must, first of all, be on his guard against excessive expectations. The world in which Jesus worked and taught was in its form and method two thousand years away from the business world of today. The provincial life of Galilee, the racial exclusiveness of Jerusalem, and the habits of a primitive peasantry, which created the industrial environment of the Gospels, make it impossible to find in them specific instructions concerning the unprecedented problems of the modern industrial world. Rights of combination and organization, adjustments of

⁶ *Op. cit.*

trusts and unions, the scope of private initiative and the need of collective control, these critical problems of the twentieth century would have been completely unintelligible to a man of the first century. To construct a science of Christian economics in the sense of regulating modern industry by the specific directions of the Gospels is as impracticable a task as to plan that the multiplying millions of Jews in the United States shall return to the primitive conditions of Palestine.”⁷ That is a sensible view which all will share who realize how wide the gap is between general moral principles and their applications to the practical conditions of everyday life. This being the case, we fully appreciate the hesitancy of moral theologians in making authentic decisions with regard to problems of modern business practice.

Yet, moral theology remains useless if it does not come to grips with concrete situations as they confront the industrialist, the financier, the business manager, the money lender, the employer, the union man, the broker, the speculator, the seller and the buyer. General moral principles do not change, but the relations to which they are applied are subject to change. Moral theology must remain abreast of these changes if it is to be a guide of human conduct. Nothing becomes obsolete more quickly than a manual of moral theology. In most cases it would be useless to look for a solution of a modern business problem in a dusty tome that belongs to a past century. In its day such a volume may have given abundant light in the practical affairs of life; in the present it can no longer be depended on as a reliable guide, for problems have since arisen which were not dreamt of when it appeared. This is true of many matters, but it holds good especially with regard to questions of industrial practices and business policies.

⁷ *Op. cit.*

BUSINESS MORALITY

When economic life was a simple matter involving direct relations of one man to another, it was easy enough to establish the right and wrong of business transactions and to draw the line clearly between honesty and dishonesty. But modern business relations are in part of an extremely complex and intricate nature, so that it becomes increasingly difficult to see the point where they touch on moral issues. The bigness of business has also brought about its depersonalization, and so it happens that in business dealings we do not come into direct contact with persons but with things. Now, where the personal relation is not manifest, neither is the moral import of the action evident. The business man himself loses sight of the vital fact that he is dealing not merely with things but with men. Only thus can we account for the gross immorality that has invaded the financial, industrial and business world. Business has become a detached and abstract affair of which no one thinks in connection with morality.

If we wish to set forth a workable business morality, the first step will be to discover the personal element in the various business relations which now but too frequently is hidden to the eye. Men in business are immoral because they fail to appreciate the immorality of their business dealings, which in turn is due to the remoteness of the personal relation. For the same reason the public mind does not condemn certain objectionable business practices; it also is not aware of the personal repercussions of these policies. The point where morality must be inserted into business is the personal relation involved, and this therefore must be laid bare and rendered clearly visible.

Emphasis must be laid on the personal relations present in every business transaction. *It is not business that must be moral, but the business man.* The talk about social morality has very much obscured this very simple fact. We expect

to moralize business and the economic order, and after this has been accomplished men will naturally become moral. This hope is futile. Morality is a question of the individual conscience. The economic order does not reform men, but men reform the economic order. If nobody makes a beginning, we shall never reach the goal. Dishonesty fostered by the system does not fully excuse the individual who conforms to the common practice and adopts the low standards sanctioned by public opinion. In this connection Mr. Thomas Woodlock has spoken words that deserve to be pondered: "There is no social righteousness, and there can be no social conscience as such, other than that which results from individual consciences functioning upon social matters. In talking of the social conscience we mean not even this union of individual consciences, but merely the individual conscience of each one of us considering and judging of social affairs and making clear to each one of us our duties arising out of our positions in human society. And in discussing the development of the social conscience, consideration is to be given to the individual's viewpoint and attitude on the great social questions of the day."⁸ This evil order which sanctions intolerable abuses and dishonest business methods is a product of men; it, therefore, cannot be used by them to justify their injustice. Responsibility still attaches to the individual conscience. If this is so, the individual conscience must be enlightened that it may find its way unscathed through the complexities of modern industrial life.

In this perplexing situation the modern business man will be tempted to ask, not flippantly nor with a hypocritical desire to justify himself, but with utter sincerity of heart: "What is justice? What is honest business? How will I keep my hands clean of injustice?" In the days of President Theodore Roosevelt, when there was much discussion of predatory wealth, the London *Standard*, commenting on his Province-

⁸ Proceedings, First National Conference Catholic Charities.

town speech in condemnation of dishonest business methods, put to him the very pertinent question: "What is honest business, and at what precise point do the methods of some modern companies cease to be honest? How he (Roosevelt) is to apply a moral test to questions of business, or where he will draw his line in regard to profits, is not very easy to understand."

The above item prompted a priest to write for information to *The Ecclesiastical Review* as follows: "This timely query recalls the fact that there are scores of questions involving the moral aspect of modern business methods, to which questions we priests are bound to find answers. It is true that the general principles of the Tract *De Justitia* must furnish the basis of these answers. But most priests need formulas bearing more intimately on the points at issue. . . . Who can answer these questions, or inform the writer where the solution may be found?"⁹ In answering, Rev. T. Slater, S.J., admitted the inadequacy of the existing textbooks but made light of it, insisting that the grasp of the principles was more important than their application: "In the meantime what we think of more importance than up-to-date textbooks of moral theology is a thorough grasp of moral principles. If those principles which are to be found in all the textbooks are completely understood, there should not be much difficulty in solving such questions as our correspondent proposes." This patently is too optimistic; if it were true in regard to the average student, we could entirely dispense with casuistry and case books. Accordingly Dr. John A. Ryan took umbrage at this easy view and replied: "Now, it is clear that all problems of industrial justice can be solved by the reference to the general principles of moral theology:—that the solution can always be reached without 'much difficulty,' is not so clear."¹⁰ He also held that dissatisfaction with the existing manuals was

⁹ November, 1907.

¹⁰ December, 1907.

to a large extent justified. As this happened in 1907, one might imagine that the defect had been since completely remedied. No doubt, matters have improved, but they are still far from being satisfactory. Perhaps Fr. Sylvester Brielmaier is a little too pessimistic when he writes: "This criticism by Dr. Ryan is almost as true today as it was when written twenty years ago."¹¹ But, even if slightly exaggerated, it has a kernel of truth. We are entirely with him, however, when he says: "We are sadly in need of a manual of moral theology which takes American social, juridical and economic conditions into consideration. The task of compiling such a text is the work of a lifetime. Until we have such a manual, or rather in order to make such a manual possible, there is a great demand for special articles and treatises which elucidate specific moral problems arising in the field of sociology."

The task of applying the general principles of the natural law and of Christian morality to our economic and social life will, indeed, be a difficult one—the more so as our economic life for such a long time has been influenced and shaped by ideas, not only foreign, but hostile to Christianity. The economic world has become completely detached from religion as well as morality; it is secularized and even paganized to its very core. Mr. G. D. Herron levels against it this vehement indictment: "It is only the densest ethical ignorance that talks about a Christian business life, for business is now intrinsically evil."¹² A little more moderate is the following evaluation: "It is entirely possible, and we ought to face the fact, that the tendencies of our social and economic life may degenerate rather than improve, and this not necessarily because men individually are actually worse today than before, but because we have been travelling for several centuries on the wrong side of the moral watershed in social

¹¹ "Moral Theology and Sociology" in *The Franciscan Educational Conference: Report of the Sixteenth Annual Meeting*, November, 1934.

¹² "Between Caesar and Jesus."

theory and practice.”¹³ One might almost despair of the possibility of imposing a moral pattern on a system that has crystallized into definite immoral forms. It is easy enough to give a desired direction to a growing twig, but to rebend the bent twig in the opposite direction is a discouraging undertaking. Still, however formidable the task may be, Christian faith and hope will prove equal to it. Our daily petition, “Thy will be done and Thy Kingdom come,” applies also to the economic world.

There is another obstacle to the moralization of the economic order. This obstacle is inherent in human nature, and is perhaps more difficult to overcome than the external resistance to reform proceeding from things as they are. That obstacle is the passion for material wealth deeply rooted in the heart of man. This passion is the most untractable of all and fed by all other human passions. It has a subtle power to becloud and befog all judgments that pertain to justice, and will try to pervert our reasoning as soon as it feels itself endangered. He who wishes to construct a system of economic morality must watch his mental processes lest they be vitiated and degenerate into pure rationalization.

¹³ Maurice B. Reckitt, “Faith and Society” (Longmans).

CHAPTER TWO

THE SOCIAL VALUE OF CHRISTIANITY

IF it cannot be claimed that the Gospel is either primarily or chiefly a social message which has for its aim the establishment of a new economic order, this is not equivalent to a denial of the social influence of the teaching of Christ. Such an influence actually exists, and, though of a remote and indirect character, is nevertheless decidedly real and far-reaching. On closer inspection it will even be seen that the highly individualistic character of Christianity is the very reason of its great social value.

Modern externalism has made us forget that *social justice is not the attribute of an economic arrangement but a quality of the individual*. Christianity is a challenge to the individual, because it is only from the individual that a moral response can be obtained. Hence, by focusing its appeal on the individual, Christianity takes the only path which can lead to a regeneration of society. Futility follows in the wake of all attempts which choose the opposite approach and expect the moralization of the economic order by external means.

The way to social justice is through the individual conscience. And social justice is not an abstract quality to be realized somewhere in an utopian scheme of things, but it is nothing else than the justice of an individual who, in his individual as well as his social capacity, gives to his fellow-men what belongs to them. It is the seeming remoteness and detachment of the teaching of Christ from social problems that in reality render it so immediately socially practical. If social justice is a matter of economic arrangement, it is not

a directly practical issue nor an urgent duty; it will have to abide the time when this desirable arrangement, which automatically produces just relations between men, shall have been effected. Meanwhile the individual need not concern himself about the question. That is precisely the attitude of Socialism, which in this respect is diametrically opposed to Christianity. The comparison between Socialism and Christianity will help us to understand better the emphasis which the latter places on the personal and individual element.

COMPARISON BETWEEN SOCIALISM AND CHRISTIANITY

Socialism pins its faith on things, on mechanical industrial arrangements, on a new economic order which is to come into being by the operation of material forces. Its vision is entirely concentrated on the future, which will set everything right. It is not in the least interested in the production of moral qualities and social virtues. If it believes in social virtues at all, it holds that they will be the outcome of the new economic system. As a consequence, it does nothing to relieve present injustice or the misery and suffering following from economic abuses. On the contrary, it opposes, and that quite consistently, any measure that would alleviate the burdens of the poor and partially redress economic wrongs. Whatever widens the gulf and increases the antagonism of the social classes, is grist for its mill. It is not partial to charity, for charity by making existing conditions more tolerable will only tend to delay the inauguration of the new order. It has the secret wish that the evils of our system reach their fullest development and become utterly unbearable so that the misery of the masses will lash them into fury and drive them to open social revolt. It scorns the Beatitudes proclaimed in the Sermon on the Mount, because they would allay class hatred and prolong the life of the existing social order. It has not the slightest desire to make men moderate, kind, humane, just,

saving and fair-minded. Its one and chief preoccupation is to nourish discontent in the heart of the laborer and to fan the hatred of the prevailing economic system into a devastating flame.

Thus, a Socialist leader frankly declared: "We teach our people that thrift is no virtue. Thrift was invented by capitalistic rogues to deprive honest fools of their proper standard of comfort, so that their balance in the bank would be in proportion to the capacity of the workers to allow themselves to be deprived of their share of the national wealth." This is the natural upshot of a system that deals with the question of social reform and social justice in a mechanical manner, and leaves out of consideration the personal attitudes of men. The failure of reform of this type can readily be foreseen, for how can men so untrained in social sentiment and so indifferent to personal justice ever produce and maintain a just social order? Though the socialistic way at first may seem the shortest road to the realization of social justice, it is in fact not only a lengthy detour but will prove to be a blind alley.

Christianity, on the other hand, is practically social because it makes social justice a point of personal morality. It taps the one resource whence virtue may spring, the conscience of the individual. Moreover, it does not put off its demand for social justice until the economic order has been reshaped in accord with higher ideals, but makes it an immediate, pressing and urgent obligation falling upon the individual. It can afford to be less concerned about a future system, because it already softens the evils of the present day and diminishes the hardships of those who suffer under existing inequalities. By insisting on personal justice it actually repairs much injustice incidental to the system, and by inculcating charity it prevents perhaps the worst effects which the existing industrial order might have. If by such action it does, as radicals would contend, delay the breakdown of our order,

it certainly spares mankind enormous suffering and misery. It surely is better to render the lot of the poor more bearable than to drive them to despair and revolt by increasing their hardships.

Meanwhile, however, an important educational purpose is served by this manner of procedure, for both the poor and the rich are thus socialized and prepared to frame a new order more in harmony with the ideals of justice and to live up to its requirements when established. "Out of the hearts of men" come good and evil; out of the hearts of men, when they have been inspired with sentiments of justice, will also arise a just and equitable social order. Christianity is eminently right in addressing itself to the individual and accentuating the personal note in its message. The transformation of human hearts is the one thing necessary. One by one, men must be made just, and then the new order will take care of itself. Even as the Kingdom of God, so also social justice is within us.

On account of its external character Socialism is bound to defeat itself. It can never succeed in building up a reign of justice, because it makes no attempt to transform men internally but merely places them, as they are, in a new environment. Remaining unchecked, the evil inclinations of the human heart will soon find a new outlet for their activities in the changed circumstances.

Concerning this false approach of Socialism Professor Peabody writes very pertinently as follows: "Through whatever door the better future may be entered, the master-key is not that of circumstance but that of character. Thus, the fallacy of the socialist program is not in its radicalism, but in its externalism. It proposes to accomplish by economic change what can be attained by nothing less than spiritual regeneration. Its program depends for efficacy on unselfishness, brotherliness, and love of service, but no way for the training of these virtues is provided, or indeed advised. The

transformation of business methods would, it is assumed, convert the same people who are now brutally self-seeking and cynically cruel, into agents of magnanimity, fraternity and justice. . . . Better machinery may ease the burden of production, but that machinery must have as its engineers better men. Business under any conceivable economic readjustment will remain a scene of contention and self-seeking unless it be lifted to the level of a spiritual opportunity and utilized as an instrument for the Kingdom of God.”¹

THE KINGDOM OF GOD

The Kingdom of God is a reality towards which humanity moves. It is a social concept, but must be stated in moral terms. It has not yet arrived in the social sense, and hence we pray fervently: “Thy kingdom come!” The Kingdom of God will be established here on earth when the law of God rules supreme among men and holds universal sway. It is plain that this Kingdom of justice and righteousness cannot be brought about by external means, but only by the internal regeneration of individuals. The Kingdom of God as the reign of social justice comes through individuals. We refer in this connection to the Kingdom of God, because it is an inspiring vision which heartens us in our struggle for social justice. It is well to have such a lofty vision before our mind, lest we be discouraged by the difficulties that beset the path of social reform and reconstruction. Every individual who conducts his business on a basis of justice, and shapes his industrial policies after the Christian ideal, becomes a living stone in the Kingdom of God and contributes towards its eventual realization among men. In this Kingdom, which is not at all a mere mirage but an alluring goal, the social worker will indeed find a powerful incentive for courageous effort in the face of numerous inevitable disappointments.

¹ “The Christian Life in the Modern World” (Macmillan).

The idea of the Kingdom of God constitutes the doctrinal basis for Catholic Action, for in the moral and spiritual sense, in which we take it, it signifies nothing else than the Christian transfiguration of the whole range of human life, including the social order. This concept emphasizes the fact that there is no human activity which does not in some way bear upon religion and morality. It sets its face sternly against secularism—that fatal doctrine which would divide life into two sections, one which comes under the control of moral principles and one which enjoys exemption from all moral laws.

Catholic Action is the practical expression of the idea of the Kingdom of God, since the aim of Catholic Action is to bring to proper recognition in the totality of life, private and public, Christian principles and Christian ideals. If our secular activity also forms part and parcel of the Kingdom of God, it follows that all our actions must be ruled by the same law of God and that the holy will of God is to be realized in business as well as in religious service. Accordingly, Pius XI says: "Thus Catholic Action will eliminate the condition—monstrous in itself yet none too rare—where men who profess Catholicism have one conscience in their private lives and another in their public lives." Not until the will of God is accepted as the supreme norm of all human activity by the individual as well as society shall the temporal mission of Christianity be fulfilled.

The assertion of the idea of the Kingdom of God is of special significance in our days in which the Totalitarian State has arisen with its claims to an absolute control of the life of the citizens. It was no doubt providential that in these very days the Feast of Christ the King was proclaimed, for this feast is an everlasting rebuke to those who would withdraw any department of life from the rule of the Christian law. At the same time it reminds Christians that, whilst it is their duty individually to pursue Christian perfection, it

is also their task to ethicize the world about them and to bring every human being under the gentle sway of the Christian law. When thus spiritually interpreted, the idea of the Kingdom of God will become an ethical force of great inherent power for the transformation of society and the establishment of a fellowship of righteousness among men.

Ernst Troeltsch, who has carefully studied the social teachings of early Christianity, also puts this moral construction on the Kingdom-idea, and sets it forth as follows: "Neither the teaching of Jesus nor the growth of the early Church is the product of a social agitation or the consequence or corollary of a class conflict. . . . The great redemptive hope of the Kingdom of God on which is based and which inspires the whole Church, is not the hope of a perfected social condition. . . . The message of the Kingdom was primarily the vision of an ethical and religious situation, of a world entirely controlled by God, in which all values of pure spirituality would be recognized and appreciated at their true worth. . . . The teaching of Christ deals with the proclamation of the great final judgment of the coming of the Kingdom of God, by which is meant that state of life in which God will have supreme control, when His Will will be done on earth as it is now being done only in Heaven. . . . The members of this community mingle everywhere with the children of this world, and continue to take part in the national form of worship. They only prepare themselves inwardly for the coming of the Kingdom, coupled with their right behavior towards one another."² Of course, we cannot accept the learned writer's theory of the Church, since he denies that Christ founded a Church ("Jesus did not organize a Church"); but in his construction of the Social Gospel he is nearer the truth than most of his co-religionists.

² "The Social Teaching of the Christian Churches" (London).

CHRISTIANITY A LEAVEN

In all its essential aspects the doctrine of the Kingdom coincides with that of the leaven, for both try to make us see that Christianity is a vital force which seeks external embodiment and possesses an expansive character. It is not merely a doctrine, a devotional practice or a mystical contemplation, but is above all a life; and since it is a life, it naturally embraces man in all phases of his activity, spiritual and corporal, private and social. Hence, it must propound a morality which embraces the entire conduct of man and extends to all his contacts. The essential dogmas of Christianity have been well elaborated; its moral teachings are still developing and daily finding broader applications.

In the early days of Christianity there was scant opportunity for the practice of the Christian life in the surrounding pagan world. It was almost impossible to graft the Christian life on pagan society, corrupt to the very core. Christians accordingly formed the nucleus of a new society. "The early Christians," writes Mr. Christopher Dawson, "were, indeed, forced to make a radical breach with the secular world because that world was pagan, and the mere fact of being a Christian cut a man off from civic life and public activity."³ The full realization of the Christian life entailed escape from the world. This condition of affairs could not last long, because, as Christians grew in number, they could no longer remain a foreign unassimilated and even hostile element in the community. The complexion of society changed and Christians took an active part in secular activities, and in doing so they infused a Christian spirit into society and molded it after a new pattern. This Christianization of life reached its culmination in the ages of faith. Theoretically and practically the dualism between religion and life was overcome, and the law of Christ was the one recognized standard

³ "Religion and Life," in *The Dublin Review* (January, 1932).

to which all activity, whether private or public, had to conform. Canon Law became the inspiration of civil legislation. The Kingdom of God was in a fair way of realization, and the leaven of Christianity was leavening the civilization of the times. True, these ages did not reach the goal, but they had entered on the right way; they earnestly and sincerely sought to unify life and culture and to give one basic orientation to all human striving. This involved also a definite ethical theory concerning the economic order. Mr. Dawson gives a fair appreciation of what was attempted and what accomplished. "Medieval Christianity," he writes, "was a dynamic force which strove against enormous odds to realize itself in social life. However unsuccessful that effort was, it was at least a vital movement that embraced all that was living in contemporary culture. From St. Benedict and St. Boniface to St. Bernard and St. Francis, from Bede to Alcuin, to St. Bonaventure and St. Thomas, the history of the medieval Church is the story of an heroic and tragic struggle for the vindication of spiritual ideals and the realization of Christian principles in social life. We cannot of course regard medieval civilization as the model of what a Christian civilization should be—as an ideal to which modern society should conform itself. It is admirable not so much for what it achieved as for what it attempted—for its refusal to be content with partial solutions, and for its attempt to bring every side of life into vital relation with religion."⁴

This happy line of development was broken as a result of the Reformation, which brought about a complete secularization of society and of civilization. A new industrial order was born which was untouched by Christian influences and untrammelled by moral control. The new industry flourished especially in those countries which had separated themselves from the Church, and this was an added reason why the Church remained aloof and let it pursue its own course.

⁴ *Loc. cit.*

Accordingly, moral theology also occupied itself less with problems of the economic life and concentrated its attention more and more on questions of individual conduct and asceticism.

Thus it came to pass that moral theology did not entirely keep abreast of economic development and shed but little light on social duties. After all, moral theology is a practical science and consequently deals with live practical issues; but at a time when the influence of the Church on society had dwindled to the vanishing point, the question of Christian economics presented no practical interest. It hardly occurred to men that any moral issues were involved in industry, and they did not look to moral theology for guidance. But the situation has changed for the better. The conviction is gaining that industry really does come under the province of ethics and must look for its basic orientation to the Christian law. It is now the duty of moral theology to speak and to give practical decisions in economic questions which are submitted to its forum. As was done in the Middle Ages, moral theology will have to apply in a concrete and practical manner the laws and ideals of Christianity to the economic and social conditions of our own days. Thus, the way will be prepared for the unification of civilization which was destroyed by modern secularism, and Christianity can once more become the vital and dynamic center of all human life.

CHAPTER THREE

JUSTICE, A MOST UNPOPULAR VIRTUE

THE surest way to incur disfavor among men is to remind them of the obligations of justice. Exalt justice in a general fashion and you will have the enthusiastic applause of the public with you, but attempt to set forth the specific and practical demands of justice and everybody will turn away from you. Concrete justice is the most unpopular virtue, and the uncompromising preacher of applied justice shares in this unpopularity.

Why the universal dislike of this virtue? The reasons are quite easy to understand: on the one hand, the requirements of justice are of a very definite and exact character, and, on the other, the demands of justice impose themselves with an unequivocal imperiousness. Justice can be measured. It is not elastic and refuses to be stretched. There is a clearness and precision about the duties of justice which the requirements of the other virtues lack. Man has a dislike for duties which are determined on an objective basis and in which there remains no scope for subjective sentiment and personal preference. What is just, man owes to a definite individual, it concerns a definite object, it has to be rendered under definite circumstances. He has little choice about the whole matter. He cannot even take much credit for fulfilling his obligations of justice, for in doing so he does nothing more than he is bound to do. In this respect there is not much glory in justice. One may boast of his contributions to charity; one will hardly boast of paying his debts. Whilst the objective nature and the restrictive narrowness of justice are displeasing to

man, he resents still more its unyielding sternness and the finality of its dictates. Justice must be accomplished. Even if delayed, the duty must be performed. No escape, no evasion, is possible; no substitution is acceptable. Years do not obliterate the claims of justice. The unjustly obtained goods, however long they may be in my possession, do not cease to clamor for their rightful owner. Tears do not wipe out debts, and alms do not compensate for dishonesty. Injustice always has inconvenient consequences. It is not annulled until reparation and restitution have been made. Considering these unpleasant properties of the virtue of justice, we have no difficulty in understanding why it is so thoroughly unpopular, and why men make every effort to evade its clean-cut decisions and its irksome demands.

This attitude arises out of the fact that justice represents the most fundamental opposition to selfishness and self-interest. It stands as an emphatic rebuke against all kinds of arbitrariness. It asserts a certain basic equality of men. It makes the unmistakable claim that even the highest owe something to the lowest, which it is not in the power of the former to determine according to their good pleasure but which is fixed in the very nature of things. To accept the fact of a fundamental human equality, and to admit that others have well-defined and inviolable rights, is painfully galling to those who are in power.

An interesting illustration of this perverse human trait is the mentality of the benevolent and paternalistic employer who is charitably disposed towards his employes and even anxious to do something for their welfare, but who insists on doing it in his own way. He will establish clubs and recreation centers for his workers; he will build libraries for their use and engage in other spectacular schemes of benevolence; but the one thing he ought to do he cannot bring himself to do—that is, to *pay them a fair and adequate living wage*. Kindness he will heap upon them, but elementary justice he

denies them. He is astonished that his employes do not appreciate the things he does for them, and that in spite of all his efforts on their behalf they are ungrateful and dissatisfied. He forgets that men first of all want justice, and that no substitute for justice can ever render them thoroughly content. Paternalism flatters the employer and gives him a delightful feeling of superiority. Plain justice would destroy this agreeable sensation and put him on a footing of equality with his employes. It is not benevolence the worker desires but justice, for justice acknowledges his rights and recognizes his basic equality, whereas paternalism denies him what he holds dearest and offends his human dignity. We would not for one minute make it appear that the ordinary employer is a grasping individual who is entirely devoid of sympathy for his workers and has no interest in their welfare; he will in many ways manifest his kindness; but in one thing he frequently fails, and that is the essential thing, justice. Justice honors a man, and it is difficult for the superior to bestow on the inferior this special honor. It is a fatal mistake which prevents understanding between the employer and the worker. It is far easier to be a benevolent employer than a just one. Benevolence without justice cannot bridge over the gulf between the employer and the wage-earner who has become conscious of his rights and his dignity. In the long run, it will breed a deep-seated and powerful resentment.

Such benevolence, if carefully analysed, will reveal itself as an unconscious self-deception. It is nothing but a well-masked and finely disguised escape from justice. How it arises as an inadequate substitute for genuine justice but fails to effect social peace, is well described by Professor Peabody in the following passage: "Or—to turn the same story round—suppose that an employer, ignorant of the real instincts and ambitions of his employes, introduces in his business a spurious though well-intended form of generosity. He feels a touch of that breeze of industrial fraternity which has sprung

up in our time, but it does not really stir his nature to a new life. He wants to keep his self-respect, but he wants also to keep his profits. He looks, therefore, for ways of combining the service of God and the service of Mammon. Thus, he may seem to himself to be generous when he is in fact only patronizing. He provides homes for his employes, but under terms which limit their liberty; he adjusts wages with what appears to be liberality, but under conditions which irritate and restrict; he counsels thrift and simplicity, while his own domestic life remains ostentatious and vulgar. Is this merely a commercial phenomenon, bounded by the business in which master and man meet? On the contrary, this half-hearted service has its effect all along the line of the social movement, to hinder advance and create distrust. The instinct of the home in working people protests against a home that is not one's own; the self-respect of the wage-earner refuses to be patronized; the commercial maxims of the employer cannot teach what his private life denies; finally, the man who had fancied himself earning the gratitude due to a generous philanthropist finds himself, to his own great surprise, responsible for industrial dissatisfaction and revolt."¹ Subtle are the ways by which men try to elude justice, and incredibly sophistic the arguments by which they manage to divest their injustices of the appearance of wrong.

St. Francis of Sales, who knew the capacity for self-deception in man, remarks how carefully the examination of conscience steers away from questions of justice. Here is the point where man does not care to probe too deeply. The same saint, who had a wide experience in dealing with souls, likewise observes how rarely men accuse themselves of violations of justice. It is the sore spot which no one likes to touch and from which instinctively we turn away the attention of the scrutinizing eye.

The prophets of old relentlessly expose and condemn the

¹ "Jesus Christ and the Social Question" (Macmillan).

worldly-wise ways by which the Jews sought to get around the demands of justice. Again and again Jehovah through the mouth of His prophets declares that what He wants is justice, and that He is weary of the hypocritical evasions of justice practised in private and public life. The incense of holocausts could not bribe the Lord of Justice to overlook injustice and oppression of the poor. In the New Testament the Lord condemns with His own lips the dishonest subterfuges by which men cover up their injustice: "Woe to you, scribes and Pharisees, hypocrites, because you devour the houses of widows, praying long prayers. For this you shall receive the greater judgment."² This fundamental hypocrisy which prompts man to substitute something else for the plain duties of justice finds the severest and most uncompromising condemnation both in the Old and the New Testament. But this hypocrisy, as experience teaches us, is a common fact among men. It certainly is not unknown in our days. More than ever men close their ears to its imperative demands, endeavor to weaken its authority, and try to distort its clearest requirements. We need not be surprised that at present it is so difficult a task to give a clear outline of justice, because men for so long a time have labored with great diligence to obliterate all definite lines and taken no end of trouble to make injustice assume the appearance of justice.

Even now an enormous amount of intellectual labor is directed towards the purpose of frustrating justice and giving moral sanction to unjust practices which have solidified into social customs and institutions. Not only the practical preacher who urges the application of justice in life will have to travel a very rough road, but even the theoretical exponent will find the path he treads an exceedingly thorny one. The former, of course, has incessantly to battle deeply ingrained habits of selfishness which it is difficult to uproot. The latter enters not into an unexplored region in which no trails have

² Matt. xxiii, 14.

been blazed, but rather into an inimical country in which false guideposts have been set up in order to mislead the traveler. The geography of justice has to be almost completely reconstructed; the existing maps drawn by economic liberalism are entirely valueless. The language of justice, particularly that of economic and social justice, will sound to the ears of a large number of our contemporaries like a foreign tongue; even its ABC has been forgotten and must be relearned.

THE IMPORTANCE OF JUSTICE

Justice stands out as the most important factor in the proper adjustment of human relations. It is the first and most vital other-regarding virtue, and accordingly of the utmost importance in shaping the social order. This other-regarding or altruistic character is strongly stressed by St. Thomas, who writes: "*Ex sua ratione justitia habet quod sit ad alterum.*"³ This we may paraphrase with Mr. Arthur Preuss as follows: "Justice is essentially a virtue that governs man's relations to others."⁴ It is the paramount social virtue, and must enter into all social relations if they are not to be radically vitiated. If the foundation stone of a society is not justice, the entire structure will be sadly out of plumb. That would be exactly the case in our modern society; there is something wrong with the fundamental alignment, and this fact affects the whole social organism.

No one will deny that contemporary society can legitimately boast of magnificent works of charity; it possesses splendid institutions to relieve every form of human misery; still, all this welfare work, carried on with unprecedented generosity and on a gigantic scale, cannot repair the ravages wrought by the injustice rife in our midst. Injustice does infinitely more harm than charity can ever attempt to undo.

³ Summa Theol., II-II, Q. lviii, art. 2.

⁴ "A Handbook of Moral Theology," by A. Koch, D.D. Translated by Arthur Preuss (B. Herder).

It poisons the very lifeblood of the social organism, and as a consequence brings about a general unwholesome condition of debility. Justice in a sense may be an insignificant virtue with little splendor, but in the social order it must be conceded absolute primacy. To render human relations ideal and perfect, justice is not enough, but as long as men live together in society it is indispensable. Justice is the natural corollary of man's social nature, and constitutes the first check on human egotism which inclines man to assert his own interests without regard for the rights of others. Perhaps it is not necessary to emphasize the supreme character of justice in a general atmosphere of benevolence and charity, but in our days we certainly do stand in need of an emphatic reassertion of the indispensability of this austere and unostentatious virtue. We have so generally succumbed to the charms and loveliness of the glamorous virtue of charity that we overlook her drab and inconspicuous sister; withal, it is this Cinderella among the virtues, unpretentious justice, which puts order into the household and keeps everything in the right place.

To a great extent we can accept what Professor James Seth writes on this point: "There is the same kind of relation between justice and benevolence in the social life as between temperance and culture in the individual life. As temperance is the presupposition of a true culture, so is justice the presupposition of true benevolence. This logical priority is also a practical priority. We must be just before we can be generous. . . . Most pernicious have been the effects of the neglect of the true relation of priority in which justice stands to benevolence. The Christian morality, as actually preached and practised, has been largely chargeable with this misinterpretation. Charity has been magnified as the grand social virtue, and has been interpreted as a giving of alms to the poor, a doing for them of that which they are unable to do for themselves, an alleviation, more or less temporary, of the

evils that result from the misery of their worldly circumstances. But this charity has coexisted with the utmost injustice to those who have been its objects. . . . It is because we have really given our fellows less than justice, that we have seemed to give them more.”⁵

The New Testament exalts charity precisely because it leads to a more conscientious discharge of the duties of justice. St. Paul says: “He that loveth his neighbor hath fulfilled the law. For, ‘Thou shalt not commit adultery, Thou shalt not kill, Thou shalt not steal, Thou shalt not covet,’ and if there be any other commandment, it is comprised in this word: ‘Thou shalt love thy neighbor as thyself.’ The love of our neighbor worketh no evil. Love therefore is the fulfilling of the law.”⁶ If charity does not contain within itself justice, it is not the genuine Christian virtue so highly praised and so insistently inculcated by Christ and His Apostles. Injustice is the canker corrupting the very heart of modern society, and we must not be satisfied to cover up the inner mortal disease with external applications of charity. Nor must the individual content himself with the practice of works of charity in atonement for his manifold injustices in dealing with his fellow-men. Such hypocritical procedure will make of society and individuals the “whited sepulchers” which the Lord holds up to universal scorn.

Even the old pagans held the virtue of justice in the greatest esteem and looked upon it with admiration. Cicero tells us that justice is the crowning glory of the virtues, and that on the basis of it men are called good.⁷ The otherwise rather prosaic Aristotle indulges in an outburst of eloquence when he speaks of the excellence of this virtue: “The most illustrious of virtues is justice, neither the rising nor the setting of the sun are as worthy of admiration.”

⁵ “A Study of Ethical Principles” (Scribner’s).

⁶ Rom. xiii, 8-10.

⁷ De Officiis, I, vii: “Justitia, in qua virtutis est splendor maximus, ex qua viri boni nominantur.”

Long silenced by exploitation and oppression, justice in our days again becomes articulate. Men will be satisfied with nothing less than justice, and they aim to obtain it even if the whole structure of the existing order should go to pieces in the attempt. The passion for justice after prolonged suppression bursts forth with elemental power and with devastating force. It will halt at nothing and triumphantly sweep away all obstacles. In many cases the passion is blind and has recourse to means that are bound to prove disastrous. Socialism, Communism and Fascism are but the grotesque forms in which the passionate desire for justice finds concrete expression. It would be folly to underestimate the terrific momentum underlying these movements, which will not hesitate to batter down our social edifice encrusted with injustice of every type.

Can we understand the heroic patience of the Russian people, their willingness to undergo privations and their insensibility to hardships and sufferings, if they were not sustained by the hope that at the end of the laborious journey they will enter into the long-expected kingdom of justice, in which exploitation and unjust privilege will cease to be? Justice is the goal to which Fascism promises to lead those who accept its iron rule and galling yoke. A deep sense of wrong lies at the bottom of the consciousness of mankind, and it is to this sentiment of wrong that the successful agitators of our days make their appeal. Unjust measures meet with a widespread popular approval, because the conviction prevails that injustice has become so powerfully entrenched in the existing order that it can only be overcome by injustice. Religion is viewed with suspicion because men entertain a lurking feeling in their innermost hearts that it is not wholly and uncompromisingly on the side of justice. The great stumbling block is legalized injustice, for how can men respect the law when it puts the stamp of approval on practices which outrage man's innate sense of fairness and equity? If history has been

called a conspiracy against truth, organized society with some aptness can be called a conspiracy against justice. At least, that is the conviction of many. The plain man's confidence in the righteousness of society has been undermined, and his baffled sense of justice will seek redress by any means which present themselves. Only one thought permeates his soul and inflames his heart—the clutch of injustice on society must be broken. That is the temper of the people in every corner of the civilized world.

This state of affairs must be met, and must be met without delay since it has grown to dangerous dimensions. The craving for justice which has gripped the minds of men and is nourished by the daily sight of wrong will have to be satisfied and fully set at rest. Men are very patient and long suffering beings, and hence if the demands of justice will be clearly and honestly expounded they will feel easy until they can be carried out in actual practice. The theoretical declaration of the requirements of justice and the rights of men, however, cannot be postponed with impunity. Outspokenness on this matter is the urgent need of the hour.

CHAPTER FOUR

THE ETHICAL CHARACTER OF SOCIETY

BY excluding from its study the consideration of final causes, modern philosophy has rendered itself incapable of really understanding the facts of experience and giving an intelligent interpretation of the visible universe. Fatal as this repudiation proved in general, it produced the greatest and most disastrous confusion in the realm of morality and social science. Moral and social phenomena are divested of meaning if they are not related to ends and purposes. We cannot say anything about the norms that ought to govern social activity and regulate human relations if we do not know the purpose of society and the ends that are to be realized by social cooperation. In social study the antipathy to teleological considerations has bitterly avenged itself and resulted in utter sterility.

But the end of society is not a thing that can be arbitrarily determined. Ends are not imposed on things from without, but are immanent in their essential tendencies. We can discover them by a careful analysis of the inherent activities and needs of a being. This process can and must be applied to the study of the nature of the social. The essence of the social is something objective, indicated by the exigencies of human beings. It has a definite conceptual content which we learn by studying the natural aspirations of man and the indispensable conditions of his genuine and complete well-being. The objective end of society thus ascertained furnishes in its turn the directives of social activity. These directives impose themselves as moral imperatives, for it is patently the purpose

and intention of nature to bring to fruition the dispositions and capacities with which it has endowed man. The ideal, it is true, does not actually exist, but it is something that must be achieved by the free activity of those who are capable of self-determination. The end of society is a moral entity. It presents itself to man as a law which directs his efforts and guides them along very definite lines. It is the end which imparts form and direction to social activity and invests it with the attribute of a moral obligation.

When men associate together and cooperate, the purpose can only be the common good in which they all share and by which they all individually benefit. This common good cannot be anything else than the realization of such material and cultural conditions which make for true human existence. The common good, therefore, must not be conceived as something abstract and independent of the good of all. The common good necessarily embraces the private good. The two are related and ordained one towards the other, but neither of the two can be completely subordinated to the other. The relation of the two is not that of means to an end, but that of a part to the more inclusive whole. Concretely expressed, the common good at which the community aims, and which it endeavors to bring into existence by concerted activity, is the better human life for all. On account of the composite nature of man, the better human life can be understood neither in physical nor moral terms exclusively. It comprises both aspects of human nature. The realization of the common good is directly the objective of the community, and constitutes for it an ethical duty. It is the formal object of that justice whose function it is to regulate the relations of the members of the community towards one another and in relation to the common good.¹

Thus, St. Thomas writes: "Justice, as stated above, directs man in his relations with other men. Now, this may happen in

¹ Cf. E. Welty, "Gemeinschaft und Einzelmensch" (Leipzig).

two ways: first, as regards his relations with individuals; secondly, as regards his relations with others in general, in so far as a man who serves a community serves all those who are included in that community. Accordingly, justice in its proper acceptation can be directed to another in both these senses. Now, it is evident that all who are included in a community, stand in relation to that community as parts to a whole; while a part, as such, belongs to a whole, so that whatever is the good of a part can be directed to the good of the whole. It follows, therefore, that the good of any virtue, whether such virtue direct man in relation to himself or in relation to certain other individual persons, is referable to the common good, to which justice directs. . . . And since it belongs to the law to direct to the common good, it follows that the justice which is in this way styled general, is called legal justice, because thereby man is in harmony with the law which directs the acts of all the virtues to the common good." ²

The common good has a distinct meaning which is disclosed by a philosophical study of individual human nature. It is here that we must read the designs which the individual should carry out, and the ways in which they will find their fulfillment.

The first thing which strikes us as we study man, is his inadequacy when left to himself and placed in isolation. Society is based not merely on utilitarian considerations, but on a native and deeply rooted predisposition to association with one's equals. St. Thomas bases the necessity of society for man, not merely on his insufficiency, but on a positive inner requirement of his very nature which with all its forces tends towards association with his fellow-men, in communion with whom alone he can find true human fulfillment and real happiness. Man is by nature destined to be a social being. Society is in no sense an afterthought, but was originally

² Summa Theol., II-II, Q. Iviii, art. 5.

intended by the whole trend of man's nature. Out of this natural inclination grow his social instincts, which are as basic as his egotistic sentiments. The strongest indication of man's essential social destination is human language, the full purpose of which is intimate intellectual intercourse, stimulating exchange of ideas and cultural enrichment.

The fact is that individual man does not represent the type "man"; the latter can be unfolded and developed only in a harmonious and diversified community of many individuals. Hence, society does not rest primarily on calculations of expediency or utility, and it stands for far more than a mere depot of supplies. It is the very condition of proper human existence. We are of opinion that Professor Maurice De Wulf does not do full justice to the thought of St. Thomas when he remarks: "This impotence of the solitary individual, says Thomas Aquinas, is the sole reason for the existence of society."³

If society is so essential to human fulfillment, it follows logically that man is not free in this respect, but that to live the common life in mutual helpfulness and cooperation is a dictate of the natural law and possesses the nature of a rigorous moral obligation. The purpose and end of society are thus given and prescribed by the natural law; if men substitute other aims contrary to those intended by the natural order and thus defeat the object of the common life, they incur moral turpitude and render themselves guilty of a grave offense. It is their duty to accept the task imposed on them, and to fulfill it to the best of their ability. Society is an objective value, a real good to the realization of which men must direct their efforts. The social duties of man can be derived from a study of what the nature of the common good must be. They are not to be construed capriciously, but on the basis of reality. To promote the common good and to enforce the social duties of the members of the community belongs

³ "Philosophy and Civilization in the Middle Ages" (Princeton, N. J.).

to those who are entrusted with public authority. All legislation, therefore, must tend to the progressive realization of the common good, and the laws enacted for this purpose bind the members of the community in conscience.

From these premises according to which man's destination is essentially social and the object of social organization is the common good, it follows that men living in society ought to be essentially better off in every respect than they would be without it. Group life must be helpful and beneficial to all the members of the group. Grouped together and working for a common good, individuals should enjoy greater security, fuller opportunities of satisfying their material needs, and ampler means of rounding out their personal development.

On this point St. Thomas is quite outspoken. "Man," he says, "is called by nature to live in society; for he needs many things which are necessary to his life, and which by himself he cannot procure for himself. Whence it follows that man naturally becomes part of a group, to procure him the means of living well. He needs this assistance for two reasons. First, in order that he may obtain the elementary necessities. . . . But there is a second reason why the individual is helped by the group of which he is a part, and in which alone he finds his adequate well-being. And this is, that he may not only live but live the good life—which is made possible by the opportunities of social intercourse. Thus, civil society aids the individual in obtaining the material necessities, by uniting in the same city a great number of crafts, which could not so be united in the same family. And civil society also assists him in the moral life."⁴

The benefits of association are not to be reaped by some who turn the greater productiveness of common action to their own personal advantage, but by all who constitute the community. Society must raise all its members to a higher level of welfare than they would be able to achieve singly.

⁴ Comment. in "Ethic. Nicom.," lib. I.

Thus, Drs. Heinrich Weber and Peter Tischleder write: "It will always be an unescapable basic requirement of the idea of the organic community that the common good truly redounds to the benefit of all the members of the community, that it knows none who are disinherited and despoiled and none who are privileged and unduly favored, that it does not degenerate into class or caste dominion either in the sense of the absolutistic group-state or of the bolshevistic dictatorship of the proletariat. With special rejection of the liberalistic class-state Leo XIII therefore demands in the name of strict distributive justice that public authority give foremost consideration to the welfare of the economically weaker classes."⁵

THE COMMON GOOD

According to the teaching of St. Thomas, the common good is an ethical entity which can be brought about only by deliberate activity guided by moral principles. It is not a condition which can be automatically achieved, as economical liberalism holds. In speaking of it he continually injects moral considerations, and always refers to the demands of justice. With him it is a foregone conclusion that the common good is impossible without the exercise of the socially supreme virtue of justice. This justice, the administration of which lies in the hands of the Government, has the important function of equalizing conditions within society and establishing a fair proportion of rewards for the services rendered to society.

The entire economic theory of the Scholastics, in its general tenor as well as in all its details, is pervaded and permeated by the idea of *justice*. The doctrine of the just price is merely one of many applications of the recognized principle that morality and justice must regulate all human activity, inclusive of the field of industry. Of the economic laws to

⁵ "Handbuch der Sozialethik" (Essen).

which the later so-called classical economic theory appeals, the Scholastics know nothing, and had they known about them they would have repudiated them in the name of justice; for whereas in the realm of physics laws exist to which man must bow and which he cannot but accept, there are no such absolute laws in the domain of human life. It is impossible for man to change the law of gravitation, but there exists no such impotence with regard to the iron law of wages and other similar laws set forth by the classical economists. In the human world there is only one absolute, supreme and inevitable law, and that law is the moral law, the law of justice.

Rightly Alfred Rambaud says of the medieval conception of economics: "It is a branch of the virtue of prudence; it is half-way between morality, which regulates the conduct of the individual, and politics, which regulates the conduct of the sovereign. It is the morality of the family or the head of the family, from the point of view of the good administration of the patrimony, just as politics is the morality of the sovereign, from the point of view of the good government of the State. There is as yet no question of economic laws in the sense of historical and descriptive laws; and political economy, not yet existing in the form of a science, is not more than a branch of that great tree which is called ethics, or the art of living well." ⁶

The laws of the economic life were not derived inductively from the observation of economic processes, but deducted from general moral principles and imposed on the economic life as norms to which economic activity had to conform. The approach to the study of economic questions was from the side of ethics, which, setting forth the general purpose of life, also determined the end of economic activity and properly subordinated it to the supreme end of man and fitted it into the scheme of human existence. A detachment of the

⁶ "Histoire des doctrines économiques."

sphere of industry from life in general was not only unknown but deliberately repudiated.

With the Scholastics the teleological consideration of economics was paramount. They asked themselves: "What is the meaning of industrial activity? Where does it belong and how is it to be articulated and integrated with the whole of life?" To say that the production of wealth was the purpose of industry could not satisfy them, for they would naturally and justly push their inquiry further and ask: "So far true, but why is wealth and for whom is it; and by whom is it to be consumed and how is it to be distributed?" They realized too well that neither wealth nor the production nor the consumption of wealth could be final purposes in their own right but that these subordinate ends in their turn must have some relation to higher purposes. They demanded that some meaning correlating it with the total scope of human and social life must be infused into industrial activity and the production of goods.

The economic man in their eyes was a pure abstraction, and at that an unwarranted one; the economic man was merely an aspect of the moral man—that is, man in his totality, in his entire being, directed towards a comprehensive purpose. Now, the final end of man is determined by the moral order, and accordingly the end of economic activity, inasmuch as it bears on the final end, must in like manner be subject to moral regulation. As a matter of fact, economic activity can be assigned a legitimate and important place in the scope of life, and precisely by such subordination acquires its justification and becomes invested with a real dignity and a higher value. Only when thus brought into connection with the ultimate end of man and subordinated to a real moral purpose is industrial activity lifted up to the level of true human activity.

The Scholastic theory of economic activity, far from degrading industry, elevated and ennobled it, for it thus par-

ticipates in the dignity of a loftier purpose. Indeed, in this conception it is no longer its own end, but it is referred to a much higher end, far superior to that to which it immediately tends; it serves, but it serves purposes of far greater value than it realizes within its own narrow scope. Unquestionably, industry so considered must submit to certain limitations and regulations, but by way of compensation it becomes directly linked up to the spiritual purpose of life and contributory to the highest aims of civilization.

Some might be inclined to look upon this ethical interpretation of industry as fanciful and barren of practical results. Experience proves the contrary, and shows that the moral laws which the Scholastic economists imposed on industry worked out well and actually promoted the common good whereas the practical laws which the classical economists pretended to deduce from the economic process, considered in isolation not only were largely disproved by the subsequent development of industry but moreover led to extreme social misery and to the final undoing of industry itself. Classical, political economy by its elimination of moral considerations became foreign to the realities of life and lost itself in abstractions. Most of the laws elaborated by its exponents are little more than museum pieces. When classical economists excluded the moral point of view, their theories forfeited human relevancy and all practical applicability. They, not the Schoolmen, were mere armchair and parlor theorists completely out of touch with reality.

In all things the moral approach is essential, for it alone can give true insight and practical understanding. Hence, Dr. George O'Brien is right in his appreciation of medieval economics when he observes: "To say that the medieval method of approaching economic problems was fundamentally different from the modern, is not in any sense to be taken as indicating disapproval of the former. On the contrary, it is the general opinion today that the so-called classical treatment

of economics has proved disastrous in its application to real life, and that future generations will witness a retreat to the earlier position. The classical economists committed the cardinal error of subordinating man to wealth, and consumption to production. In their attempt to preserve symmetry and order in their generalizations they constructed a weird creature, the economic man, who never existed and never could exist. The medievals made no such mistake. They insisted that all production and gain which did not lead to the good of man was not only wasteful, but positively evil; and that man was infinitely more important than wealth. When he exclaims that 'Production is on account of man, and not man of production,' Antonius of Florence sums up in a few words the whole viewpoint of his age. The great practical benefits of such a treatment of the problems relating to the acquisition and the enjoyment of material wealth must be obvious to every one who is familiar with the condition of the world after a century of classical political economy."⁷

Our conclusion, then, is: Industry does not belong to the realm of mechanical necessity; it constitutes an order of human relations which is determined by ends and purposes and regulated by moral laws, notably the law of justice, which is basic in social life; the common good is an end, which must be ethically defined and which imposes itself as a moral obligation.

⁷ "An Essay on Medieval Economic Teaching" (Longmans).

CHAPTER FIVE

PRIVATE OWNERSHIP

THE SOCIAL DESTINY OF MAN

THOUGH an individual and a person, man is also by his very nature a social being, that is, destined to be a member of a community. The connection between these two essential phases of his being is so intimate that without society man would be unable to attain to the personal end for which he has been created. Human growth, particularly in the intellectual and moral sphere, is brought about by mutual action and reaction between the individual and the community.

As a member of the community man sacrifices nothing of his individuality, but on the contrary finds in this membership the very condition of the realization of his selfhood. The social environment constitutes the natural element and atmosphere which is indispensable for proper human development; only to understand fully the importance of the social environment we must not conceive of it as merely passive in the sense in which water would be the natural element of the fish, because society is not merely used by man but dynamically contributes towards his formation, and on the other hand man in his turn cooperates in the improvement of society. The relation between the individual and society, therefore, is more like the relation between an organ and the organism than that between a living being and its natural habitat.

Man is not man in the full and adequate sense except in and through society, for it is only by means of social contacts that

he finds the opportunity for the exercise of all his faculties and the acquisition of the virtues necessary for his perfection. The relation between man and society accordingly is essentially one of reciprocity; it is not a relation of a person to mere things, but of a person to other persons. It is this important fact which the individualist leaves out of sight when he claims for himself the right to exploit society entirely for his own selfish interests. Such a claim degrades society to the status of a thing, and reduces it to the character of a means.

If human nature is radically social, then it also follows that all rights which are born out of this nature possess a social bias and are socially conditioned. Limitation is inherent in the rights of man, because these rights flow out of a being destined to live together with similar beings who are likewise endowed with rights. There can be no real conflict between the rights of the individual and the rights of society, because the rights of the individual emanate from a being that carries within itself as a constituent part of its nature the destination to be incorporated in a social order. An order is impossible between beings invested with absolute rights and complete independence; hence, since nature has intended man to fit into a social order, it has by the same token placed inherent restrictions on his rights and put limits on his independence.

At their very origin individual rights are circumscribed to that extent that they will not nullify the purposes of the social order; otherwise we would have to admit a basic contradiction in man's nature, because the absolute character of his individual rights would frustrate the possibility of any kind of social coordination. If such were the case, society would always remain something foreign and unnatural to man and entail, as Rousseau and Hobbes hold, the surrender and curtailment of original rights. To live in society then would be for man not a fulfillment and a gain but a partial defeat and a loss, and the logical relation between the individual and society would be one of antagonism and hostile

tension; continual conflicts would be the natural outcome of such an abnormal situation, and no harmony of interests could ever be effected. Christian social philosophy regards the individual and society as complementary, neither of the two being complete in itself but each requiring the other. On the basis of this theory the rights and interests of both can be made to dovetail and to reinforce one another. All other theories lead to an impasse, and can solve jurisdictional questions only by the application of external force and repression.

Now, man being endowed with free will can upset the balance of rights intended by the natural order and destroy the fundamental harmony. This occurs when we take as our starting point the autonomous individual, who of course would experience every kind of coordination as an encroachment on his rights. The autonomous, self-sufficient and unrelated individual, however, is a falsification of the true nature of man, an utter distortion of the given realities. It is true, man can misunderstand his place in the scheme of things or, understanding it, can nevertheless refuse to accept it. This applies to the whole moral order, against which man can rebel. But by such a revolt he does not really fulfill himself. In the same manner it is the duty of man to recognize the social conditions on which his fuller self-realization depends. To feel such conditions as a degradation would imply an unreasonable attitude towards the universal order. It would be supreme folly. If social coordination or subordination were identical with surrender of the self, man would have cause to resent them. The reverse, however, is true, for such coordination man achieves himself in a higher manner. Certainly he may lose in one way, but only to gain infinitely more in another. Free devotion to the ends of society leads to the highest development of human personality, and refusal to take one's place in the social order with the restrictions it entails is moral self-frustration.

We may lay it down as a general principle that the more

man lives to himself, the less he is a man. No one looks upon the a-social man as the higher type of man, and anti-social tendencies are universally accepted as symptoms of degeneration. So inextricably are the individual and the social aspects of human nature bound together that man can act neither for nor against the common weal without at the same time acting for or against his own private good.¹ Private good and common good when ethically interpreted are never mutually exclusive but always supplementary. Any action of an individual which harms the community by its moral repercussion will consequently also harm the individual from whom it proceeds. Whatever benefits society in the true sense, that is, with due consideration for ethical values, means for the individual an access of personal worth.

Let us take an individual who is afflicted with an hereditary disease, and who in order to prevent the possible transmission of the taint refrains from marriage and leads a continent life. His action no doubt is socially beneficial, since it makes for the stamping out of the evil strain and contributes towards race improvement. It also reduces the burdens of the community inasmuch as the diseased frequently become a public charge. But far superior to the material benefits which society derives from this action is the moral gain of the individual, who by his noble conduct rises to the height of heroic altruism. Every virtue, even if it does not directly aim at the common good, does in a measure redound to the advantage of society, and every social virtue first and primarily is an individual perfection. Here again we see how closely the individual and the social are linked together in the nature of man, a fact which St. Thomas expresses very clearly when he writes: "The good of any virtue, whether such virtue direct man in relation to himself or in relation to certain other individual persons, is referable to the common good."²

¹ Cf. Eberhard Welty, "Gemeinschaft und Einzelmensch" (Leipzig).

² Summa Theol., II-II, Q. lviii, art. 5.

PROPERTY AND LABOR

The social destination deeply grafted on human nature and inseparable from it manifests itself particularly in connection with property and productive labor. With Christian Sociology it is axiomatic that both property and labor have a social function attached to them, and are heavily weighted with social responsibility. Labor in their eyes is a valuable social service for which appropriate compensation is due. The goods of the earth are for the use of all, and this fundamental destination can never completely be detached from them, so that the owner always resembles rather a steward than an absolute possessor.

St. Peter Damian gives the keynote of the Christian theory of property when he remarks that men who are rich are "*dispensatores*" rather than "*possessores*," that they should not reckon that which they have to be their own, and that they have not received their temporal goods merely to be consumed in their own use but are to act as administrators of these goods.³

Though private ownership is acknowledged by Catholic theologians, they also assert that there ever remains a lien of humanity on all goods possessed privately, which in normal circumstances is dormant but which under certain conditions becomes effective. Private ownership, nevertheless, is merely an institution of human law, and human law at times may be overridden by the more universal natural or divine law. Occasions, therefore, may occur in which the division of property effected by custom and law is nullified and the original purpose of serving all revives. Thus, St. Thomas explicitly declares: "In cases of need all things are common property, so that there would seem to be no sin in taking another's property, for need has made it common. Things which are of human right cannot derogate from natural right

³ Quoted from "Property, Its Duties and Rights" (New York City).

or divine right. Now, according to the natural order established by divine providence, inferior things are ordained for the purpose of succoring man's needs by their means. Wherefore, the division and appropriation of things which are based on human law do not preclude the fact that man's needs have to be remedied by means of these very things. Hence, whatever certain people have in superabundance is due by natural law to the purpose of succoring the poor. For this reason Ambrose says: 'It is the hungry man's bread that you withhold, the naked man's cloak that you store away, the money that you bury in the earth is the price of the needy man's redemption and freedom.' Since, however, there are many who are in need, while it is impossible for all to be succored by means of the same thing, each one is entrusted with the stewardship of his own things, so that out of them he may come to the aid of those who are in need. Nevertheless, if the need be so manifest and urgent that it is evident that the present need must be remedied by whatever means be at hand (for instance, when a person is in some imminent danger, and there is no other possible remedy), then it is lawful for a man to succor his own need by means of another's property, by taking it either openly or secretly; nor is this, properly speaking, theft or robbery."⁴

The humaneness of this theory of property contrasts sharply with later ones which assert the absolute character of the right of private ownership and place property rights above human rights. There is very little of this humane and liberal spirit in current theories of property, and the harsh and rigid theories have influenced legislation and the administration of justice. Property rights are exalted as something supremely sacred, and offenses against property are punished with extreme rigorism.

It is interesting to observe that the Seventh Commandment, Thou shalt not steal, is the only one that goes unchallenged,

⁴ Summa Theol., II-II, Q. lxxvi, art. 7.

whereas the rest of the Decalogue is taken very lightly in our days. It never enters into the mind of those who have appropriated to their use more of the common store of things than they are entitled to, and hold on to their possessions in spite of the widespread poverty, that the Seventh Commandment has a special significance for them. A modern preacher might pertinently ask the question: "Who is the thief? Is it the man who steals a loaf of bread to satisfy his own hunger or prevent his family from starving, or is it the man who corners the necessities of life in order to raise their prices?" On the basis of the Patristic and Scholastic theory of property, this question would be eminently justified under the conditions which obtain in our present economic order, where we have as a common phenomenon starvation in the midst of plenty. Few realize that the accumulation of vast riches in the hands of the few and the consequent pauperization of the masses is in itself a gross violation of the Seventh Commandment.

Perhaps in no other department of ethics has dechristianizing and dehumanizing gone further than in economic questions. The prevalent liberalistic doctrine of private ownership completely perverts the right order, and of the practices based on this false conception it may well be said what Pius XI writes: "The universal teleological order has been violated." Property has been diverted from its social purpose and made to serve individual aims exclusively. All our modern evils flow from this source, and it is at this point that the lever of social reconstruction must be applied. Accordingly Pius XI calls attention to this fundamental truth: "In the first place, due consideration must be had for the double character, individual and social, of capital and labor, in order that the dangers of individualism and of collectivism be avoided." In another passage, in which he defends the doctrine of his predecessor against false interpretations, he states the matter at greater length and with stronger emphasis: "We begin

with ownership or the right of property. You are aware how strenuously our predecessor defended the right of property against the teachings of the Socialists of his time. . . . Yet, since there are some who falsely and unjustly accuse the Supreme Pontiff and the Church of upholding, both then and now, the wealthier classes against the proletariat, we have thought it well to defend from calumny the Leonine doctrine in this matter, which is also the Catholic doctrine, and to safeguard it against false interpretations. First, let it be made clear beyond all doubt that neither Leo XIII, nor those theologians who have taught under the guidance and direction of the Church, have ever denied or called in question the two-fold aspect of ownership, which is individual or social according as it regards individuals or concerns the common good. Their unanimous contention has always been that the right to own private property has been given to man by nature or rather by the Creator Himself, not only in order that individuals may be able to provide for their own needs and those of their families, but also that by means of it the goods which the Creator has destined for the human race may truly serve this purpose. . . . There is, therefore, a double danger to be avoided. On the one hand, if the social and public aspect of ownership be denied or minimized, the logical consequence is Individualism, as it is called; on the other hand, the rejection or diminution of its private and individual character necessarily leads to some form of collectivism.”⁵

There is one point of particular importance in the foregoing passage. It is this: private ownership exists precisely for the common good. This observation refers to productive capital, and evidently implies that private ownership of the instruments of production will be more beneficial for society and more conducive to the common good than collective ownership. In the interests of the community productive capital must be preserved, augmented and economically ex-

⁵ “Quadragesimo Anno.”

ploited, and it is likely that this will be accomplished much better under private than under collective ownership. The instruments of production may be owned privately and yet used in a socially beneficial manner. Hence, the capitalist carries on a very useful function in society, for it is he who brings together the resources necessary for productive enterprise, prevents wastefulness, and manages the productive wealth of the community. This function is in itself truly social, though it may be perverted to unsocial and selfish ends. It would be fatal for the interests of the community if its productive capital were wantonly frittered away, because in that case we would very soon have a scarcity of consumptible goods and universal want would be the sad consequence.

When the medieval theologians insist on the distribution of superfluous goods, they of course have in view goods of consumption. Productive capital in the modern sense was hardly known to them, and thus their theory of property must be adapted to our new economic conditions. The capitalist who provides remunerative and lasting employment for many and increases the available stock of commodities renders a greater service to society than he who simply distributes his wealth, for the latter by this one act exhausts his power to do good, whereas the former places himself in the desirable condition of helping many times, since he continually renews his possessions. It is very significant when Father Rickaby, S.J., says: "There were no capitalists in the thirteenth century, but only hoarders."⁶ The acquisition of large fortunes merely for the purpose of hoarding can have no justification and must be condemned as pure avarice, but the accumulation of wealth with a view to future investment may truly be a deed of great social value.

The most lauded virtue of liberality to which the Scholastics give great prominence will of necessity take on a differ-

⁶ "Aquinas Ethicus."

ent form in our days, as Dr. George O'Brien explains: "It is important to draw attention to the fact that *liberalitas* consists in making a good use of property, and not merely in distributing it to others, as a confusion with the English word liberality might lead us to believe. It is, as we said above, therefore certain that a wise and prudent saving of money for investment would be considered a course of conduct within the meaning of the word 'liberalitas,' especially if the enterprise in which the money were invested were one which would benefit the community as a whole."⁷ Dr. John A. Ryan expresses the same idea: "Modern industrial conditions demand that a man of wealth should distribute a part of his goods indirectly—that is, by investing them in productive and labor-employing enterprises."⁸ What the Scholastics do say, and that very emphatically, is that *property must be used socially*, but this may be done either by the distribution of superfluous consumptible goods or by creating opportunities of profitable employment for the members of the community. In many cases the second course of action stands on a higher moral plane and is socially far more beneficial than the first. In both instances the owner acts, as it were, in the capacity of a steward, but in the second manner of procedure he proves himself possessed of greater providence and longer vision.

THE SCOPE OF PRIVATE OWNERSHIP

The relation of man to the material goods of the world arises out of his composite nature, the bodily side of which renders him dependent on their use. There is no difficulty in the case of those goods which nature supplies and diffuses in sufficient abundance so that they can be used by all without being appropriated and reserved for the purpose of satisfying individual needs. With regard to these private ownership has

⁷ "An Essay on Medieval Economic Teaching" (Longmans).

⁸ "The Alleged Socialism of the Church Fathers."

no meaning, since at all times they are accessible to all, and one man's use of them does not exclude others from a simultaneous enjoyment of them.

Thus, in order to be able to breathe without interference whenever the organic need arises, it is not necessary to establish a proprietary claim to any definite portion of the surrounding air. Private ownership takes on meaning only in respect to such goods as, being limited in quantity, are not always at hand and must be procured by an expenditure of human effort. If goods whose supply is restricted were not privately owned and in virtue of such ownership set aside for the use of definite individuals, they would not be available when needed by him who has gathered or produced them. It is plain that under such conditions life would become insecure and precarious to an intolerable degree. Hence, goods of which nature does not offer an unlimited supply, and the available quantity of which depends on human industry, must be divided and apportioned to those whose needs they are to serve. Without such an arrangement there could be no orderly human existence.

Some form of private ownership in goods destined for consumption is absolutely indispensable. Even Communism, if it wishes to preserve a measure of order, cannot escape private ownership at least in the goods of consumption required for the proper maintenance of life. No other arrangement would be consonant with human dignity. Without the existence of private ownership in the goods of consumption mankind would be reduced to conditions as they prevail in the jungle, where the beast of prey has to defend the bone whilst gnawing it. Since man needs the goods of the earth for his subsistence, he must have the right to appropriate for his own personal and exclusive use that which is necessary to sustain his life from day to day. Any use of goods implies at least temporary ownership.

But temporary ownership during the actual consumption,

or the bare right to individual use of goods, will not work out in practice except under particularly favorable conditions. The only thing that can sufficiently safeguard man's liberty and independence is individual private ownership of goods, which gives him the power to use them when necessity arises or he sees fit to do so. If he did not really own but could only use them, the imperious character of his recurrent wants would put him completely in the power of the dispensing party, whether this be an individual master or the community. The first situation occurs in the case of slavery, where the slave has no rights of property and therefore is totally dependent on the will of the master. Collective ownership would render man totally dependent on the community, a state not much better than that of downright slavery. Human dignity requires, therefore, individual ownership in the true and full sense. Ownership of this type implies a division of the goods of the earth in such a way that certain goods are set aside for the use of one with the exclusion of everybody else.

It is quite evident that nature does not make such a division, but that it is the result of a human arrangement. However, though the institution of private ownership bears the character of a human convention, it has strong anchorage in human nature and finds its sanction in human reason. We would not subscribe to the view that it is merely a utilitarian arrangement, but hold that it is bound up most intimately with the exigencies of a genuinely human existence. Generally it may be stated that human personality with all that it implies cannot come to full fruition without the institution of private property. Hence, it has become a universal fact among all civilized nations.

Thus, Leo XIII says: "With reason, then, the common opinion of mankind, little affected by the few dissentients who have contended for the opposite view, has found in the careful study of nature, and in the laws of nature, the

foundations of the division of property, and the practice of all ages has consecrated the principle of private ownership, as being preeminently in conformity with human nature, and as conducing in the most unmistakable manner to the peace and tranquillity of human existence.”¹

PERSONALITY AND PRIVATE OWNERSHIP

Some theorists have exaggerated the indispensability of property for the full realization of human personality, but even these exaggerations contain a valuable kernel of truth. Property is, as some would have it, neither a necessary constituent nor an indispensable complement of personality; withal, in the existing order it is the normal condition of the unhampered expression of personality. When M. Wirth tells us that “property is a piece of my personality, an extension of my ego,”² and J. Stahl writes that “property is the material through which the individuality of man manifests and expresses itself,”³ they are guilty of overemphasis if we take their assertions in an absolute sense, but do express a measure of truth if we limit their statements to the conditions which have resulted from the original fall of man. Under the law of sin, under which man has fallen by his transgression, private ownership has become a relative necessity. That was the idea of the medieval theologians when they claimed that private ownership was the effect of sin. It was far from their mind to contend that private property was in any sense unlawful, but they contended that it was an arrangement which, though not necessary in a state of innocence, had become imperative after the fall of man.

Dr. George O'Brien explains the mind of the medieval economists concerning this point as follows: “The fourth group of passages is that in which the distinction between

¹ “*Rerum Novarum*.”

² “*Handwörterbuch der Staatswissenschaften*,” *Eigentum*.

³ “*Rechtsphilosophie*.”

the natural and positive law on the matter is explained. It is here that the greatest confusion has been created by socialist writers, who conclude, because they read in the works of some of the Fathers that private property did not exist by natural law, that it was therefore condemned by them as an illegitimate institution. Nothing could be more erroneous. All that the Fathers meant in these passages was that in the state of nature—the idealized Golden Age of the pagans, or the Garden of Eden of the Christians—there was no individual ownership of goods. The very moment, however, that man fell from that ideal state, Communism became impossible, simply on account of the change that had taken place in man's own nature. To this extent it is true to say that the Fathers regarded property with disapproval; it was one of the institutions rendered necessary by the fall of man. Of course, it would have been preferable that man should not have fallen from his natural innocence, in which case he could have lived a life of communism; but, as he had fallen, and communism had from that moment become impossible, property must be respected as the one institution which could put a curb on his avarice, and preserve a society of fallen men from chaos and general rapine.”⁴

In the present state of man private ownership accordingly is not merely dictated by expediency, but has its roots in actual human nature and cannot be abolished. Rev. Victor Cathrein, S.J., expresses this very forcibly when he observes: “The first reason for the institution of private ownership is the moral impossibility of any other system of ownership. We say ‘the moral impossibility.’ Speaking in the abstract, other systems are possible, but, taking men as they happen to be, other arrangements could not be realized in larger communities, barring exceptional circumstances.”⁵ This view represents the common opinion of Catholic philosophy, as

⁴ “An Essay on Medieval Economic Teaching” (Longmans).

⁵ “Moralphilosophie.”

Rev. P. Finlay, S.J., sets forth in the following passage: "The great Catholic theologians have always held that private ownership is of natural right in the sense that it is allowed by nature; that it is singularly helpful to the well-being of society; that under ordinary circumstances it is necessary for social peace and progress; and that, under these conditions—and while they last, division of goods and specifically division of land (*divisio bonorum et agrorum*) should be the rule among mankind." ⁶

A merely utilitarian interpretation of the necessity of private ownership can hardly be reconciled with the strong and explicit declaration of Leo XIII, which reads: "Every man has by nature the right to possess property as his own. . . . Man precedes the state, and possesses, prior to the formation of any state, the right of providing for the sustenance of his body." ⁷

It may be well at this state to call attention to the fact that, whilst this strong assertion of the natural right of man to property makes primarily for the condemnation of communism (in which all are deprived of individual property), it tells with equal force against capitalism, which creates a vast class of propertyless proletarians. If under the communistic regime the right of private ownership is completely nullified, the capitalistic order in that respect is not much to be preferred, for in it ownership at least is frustrated to a very large extent. The natural right of private ownership is a double-edged sword which can be used against communism as well as capitalism. This important fact is overlooked by those who confuse a defense of private ownership with a defense of capitalism as it has historically developed. The more one emphasizes the natural right of man to private property, the less will one be inclined to endorse the prevailing system of liberalistic capitalism which has an in-

⁶ "Socialism and Catholic Teaching," in *Studies* (September, 1919).

⁷ *Loc. cit.*

herent tendency to render this important right illusory and unattainable for the many. This holds good even of Hegel, who more than any other philosopher stresses the necessity of property for the realization of the self. Reverence for the State and respect for property are the keynote of his social philosophy. But his keen logic prevented him from favoring large accumulations of wealth. He argued consistently that, if property is indispensable for full self-realization, then it ought to be made easily accessible to all. His position in the matter is well expressed by Dr. Hastings Rashdall, who observes: "His strong sense of the necessity of property for the building up of character led him, however, not so much to exalt the sacredness of property in the hands of the large owner, as to insist on the necessity of such legislation as would tend to the diffusion of property as widely as possible among the masses."⁸

Rightly understood and properly interpreted, the theory of the natural right of man to private property will prove the powerful lever which will enable us to dislodge liberalistic capitalism from its strongly entrenched and fortified position. The weakest point of the capitalistic order is that it has led to the creation of the proletariat, a class which does not enjoy the possession of property, and hence has difficulty in maintaining the dignity and liberty which belong to true realization of personal selfhood. Capitalism as it is has been defended in the name of the right of private ownership; it is in the name of private ownership that it should be attacked. Because liberalistic capitalism endangers the right to property of the many, it reveals itself as an unsatisfactory system.

Private ownership unquestionably produces valuable character traits without which society would be sadly impoverished. Liberalism wishes to make it appear that these character traits are the fruit of our unrestrained competitive system. Now, the truth is that under the influence of com-

⁸ "Property: Its Duties and Rights" (New York City).

petition these good qualities have developed to excess, and have thus lost the character of virtues and degenerated into vices. Since virtue must maintain the golden mean between extremes, it is easy to see how quickly a good quality can turn into its opposite. The stimulation of the excellent properties that are fostered by a system of private ownership, in the case of an order based on liberalistic theories of ownership become too potent with the result that these fine attributes are disproportionately developed and monstrously distorted. Industry, for example, plays an important part in the formation of moral character; private ownership encourages the acquisition of this quality by the rewards which it offers to the industrious; liberalistic ownership, however, by holding out excessive prizes overstimulates the growth of this naturally praiseworthy trait, and converts it into an unrestrained pursuit of material possessions. Accordingly, capitalistic ownership, as we actually have it, in reality undoes and defeats much of the good which grows out of private ownership. It is absolutely absurd, therefore, to claim everything that can be said in favor of a system of private ownership for the existing order which has perverted the idea of ownership in the most grotesque fashion. To put the whole matter succinctly, we might state it in this manner: Private ownership leads to a normal development of man; liberalistic capitalism, on the contrary, forces an abnormal development of human character. We admit that there is such a thing as a healthy and reasonable selfishness. Such sane selfishness can find adequate expression through private ownership; liberalistic capitalism, however, breeds an unwholesome, unhealthy, unholy and morbid selfishness. Now, these two types of selfishness no longer differ merely in their respective degrees of intensity, but they differ as virtue and vice. A system of unrestricted ownership, consequently, does not produce the good qualities of an order of private ownership in a higher and more intense degree,

but instead it begets evil qualities. The advocates of liberalism forget that moderation and proportion must be inherent in every virtue, and thus that, whilst moderate selfishness is good, immoderate selfishness is frankly and unqualifiedly bad. Push a virtue too far and you have, not a greater virtue, but simply a vice. Let the liberal economists cease to prate of the moral virtues which liberalistic capitalism fosters, and honestly realize that what they extol as virtue is, when closely scrutinized, merely a counterfeit of virtue. In this regard the advocates of rugged individualism are afflicted with a shortsightedness which does their moral penetration little honor.

LIMITATION OF PRIVATE OWNERSHIP

From the preceding we draw the conclusion that private ownership is good only when kept within the bounds of right reason and regulated by moral considerations. We confess that the question of restricting the right of private ownership is an exceedingly delicate one. The social philosopher who deals with this problem is in the same position as a surgeon who is called upon to perform an operation on a vital organ. A slight mistake here may prove fatal. Catholic philosophy, fully aware of the responsibility involved, therefore proceeds with the utmost caution in the treatment of this subject.

Private ownership must be preserved, both in the interests of the individual and for the good of the community. It must moreover be real and full ownership, and not merely an attenuated form thereof, for only genuine ownership with its attendant responsibilities and cares can result in the personal and social advantages and benefits which are its natural fruits. The difficulty, then, consists in duly restricting the rights of private property without destroying them. A simple confiscation of surplus wealth would at first seem an easy

solution, but on second thought it has not much to recommend it. Confiscation would have the tendency of weakening the natural right of man to property, and would eventually play into the hands of the defenders of communism. It would create the impression that the state is really the owner of all wealth, and that the individual holds property only as a concession from the government. Besides, such confiscation would open the door for untold abuses and corruption. The hesitation of Catholic economists, therefore, can easily be understood, as they feel that it is necessary to preserve the right of private ownership in its complete integrity, and that it would be dangerous to arouse popular greed by any kind of loose talk in connection with a subject which is so apt to inflame human passion. Of the abuses associated with the unregulated right of private ownership Catholic sociology is fully convinced, but the way to abolish the abuses while conserving all legitimate and beneficent uses is not by any means clear. It is like weeding a garden wherein one must be very careful not to uproot the good plants together with the bad. The illustration which we have just used may serve us a little further. In the early stages of growth it is difficult to tell the obnoxious weed from the good plant, but as the growth proceeds the difference becomes more marked and the process of weeding involves less danger. At this stage of advanced growth our economic life has now arrived, and we are enabled to distinguish with greater certainty use from abuse.

With safety we can venture on the formulation of a concrete theory of private ownership which may be applied to the changed conditions of economic life in our days, and which is calculated to remove the existing evils and retain the advantages growing out of the institution of private property. It is our opinion that what we need is a theory which will not impair but reinforce the sacredness of private property. For the respect for property in our days is really being

weakened, and the commandment, Thou shalt not steal, has lost to a very large extent its imperative majesty and its deterrent effect. Widespread dishonesty, fraudulent business policies, political corruption, extravagant use of public funds, and lastly the growing popularity of communism, which is the negation of private ownership, bear witness to this fact. A sense of the sacredness of private property will be restored and the Seventh Commandment gain renewed reverence when a clear distinction is established between property which is sacred and property which is not sacred, and when this distinction is made the cornerstone of the economic order.

RESTRICTING PROPERTY RIGHTS

IT is well understood in Catholic philosophy that human rights are inherently limited by the essential social destination of man's nature. A being destined to live together with others in peaceful harmony and mutual cooperation cannot be endowed with unlimited rights, for that would make any kind of coordination nugatory. Man is one of many, and this fact necessarily entails a restriction of his rights at least to the extent that they do not nullify equal rights of others. The idea of a social order is incompatible with the concept of absolute rights. The modern theory of society which holds that man's rights derive from society represents a distortion and undue exaggeration of this truth, but clearly points to the necessity of imposing restrictions on human activity in a community which is to function without friction.

The vital difference between the two theories is that the modern one opens the door for an arbitrary subordination of man to society and an eventual destruction of all his rights, whilst the scholastic theory brings about only such limitations as are demanded by the nature of things, and thus safeguards liberty and ensures an inviolable sphere of private activity which society is bound to respect. Though we repudiate the modern theory, we accept it in so far as it asserts against liberalism that not all restrictions imposed on human activity must be regarded as encroachments on liberty and unwarranted invasions of human rights. There are limitations of rights which are not violations of these rights, but which flow from their very nature and are demanded by the re-

quirements of the social order. Rights according to Catholic philosophy are means, and means are determined with regard to the purpose for which they are to be used. Rights are defined as moral powers, and this definition directly subordinates them to the dictates of morality. As a moral power, a right is necessarily subject to and restricted by the moral law, but it is also guaranteed and protected by the moral law. Hence, the moral law is at once the measure and the defense of human rights.

If all human rights are limited and subject to restrictions and modifications imposed by social authority in conformity with the moral law, then the right of private ownership may also be regulated and restricted in the interests of the common good. In the abstract, Catholic economists without exception teach that ownership is not absolute and that it is burdened with social obligations. That likewise is the unequivocal doctrine of the Papal Encyclicals. To what extent it is to be limited, and in what manner and how its social duties are to be enforced, are questions that are not settled and concerning which there exists diversity of opinion. This is not surprising in view of the fact that the problem is of a very delicate and complex nature and presents many difficulties.

Socialistic and communistic attacks on private property surround the discussion with special dangers, since in this emotionally surcharged atmosphere any bold assertion of the limited character of property may be construed as a denial of the right of private ownership and an argument in favor of collective ownership. Then great caution must be exercised lest by restricting and limiting the right of property we rob it of all substance and reduce it to a mere shadow. To change juridical concepts is always a hazardous proceeding because such changes may involve revolutionary social effects, since juridical concepts become concretely embodied and crystallized in social institutions. Thus, when the juridical

concept of slavery was revised, that meant the abolition of the institution of slavery and precipitated a social upheaval of tremendous proportions.

A sound theory of property must avoid the Charybdis of liberalism and the Scylla of collectivism; against the latter it must uphold the reality of the right of ownership and against the former it must insist on its inherent limitations. To answer all these requirements the formula which is to serve in the solution of modern property problems must indeed be nicely balanced. Moreover, the duties connected with private property present so many diverse phases that they fall not only under different kinds of justice but even under different virtues. We may add further that the concrete forms of holding property are subject to change, and that as a consequence formulations of the moral law applying to them become obsolete and must be replaced by appropriate new ones adapted to the changed conditions. Apparently we are now in such a state of transition, and accordingly have to discover new formulations of the requirements of justice. Nor is it easy to find a yardstick by which we could measure with precision what is just in matters of property. Again we are loath to entrust the power of limiting the rights of property and fixing incomes to the state, for we know that political government has a notoriously unhappy hand in such matters.

Pius XI fully realized these difficulties, and set them forth with much detail in his Encyclical. Therein he writes as follows: "That we may keep within bounds the controversies which have arisen concerning ownership and the duties attaching to it. We reassert in the first place the fundamental principle laid down by Leo XIII, that the right of property must be distinguished from its use. It belongs to what is called commutative justice faithfully to respect the possessions of others, not encroaching on the rights of another and thus exceeding the rights of ownership. The putting of one's own possessions to proper use, however, does not fall under this

form of justice, but under certain other virtues, and therefore it is a duty not enforced by courts of justice. Hence it is false to contend that the right of ownership and its proper use are bounded by the same limits; and it is even less true that the very misuse or even the non-use of ownership destroys or forfeits the right itself. Most helpful, therefore, and worthy of all praise are the efforts of those who, in a spirit of harmony and with due regard for the traditions of the Church, seek to determine the precise nature of these duties and to define the boundaries imposed by the requirements of social life upon the right of ownership itself or upon its use. On the contrary, it is a grievous error so to weaken the individual character of ownership as actually to destroy it.”¹

The limitation of fortunes cannot be regarded as a denial of the right of ownership unless we subscribe to the theories of economic liberalism and individualism. Still, practical proposals for direct limitation find scant favor in the eyes of thoughtful economists. Thus, Dr. John A. Ryan writes: “The law might directly limit the amount of property to be held by any individual. . . . Nevertheless, the dangers and obstacles confronting any legal restriction of fortunes are so real as to render the proposal socially inexpedient. It would easily lend itself to grave abuse. Once the community had habituated itself to a direct limitation of any sort, the temptations to lower it in the interest of better distribution and simpler living would become exceedingly powerful. Eventually the right of property might take such an attenuated and uncertain form in the public mind as to discourage labor and initiative, and thus seriously to endanger human welfare. . . . The limitation of inheritance would, indeed, also be liable to abuse. . . . It seems reasonable to conclude, then, that neither the limitation of possessions nor the limitation of inheritance is necessarily a direct violation of property, but that the possible and even probable evil consequences of both are

¹ “*Quadragesimo Anno*.”

so grave as to make these measures of very doubtful benefit. . . . What seems to be fairly certain is that in our present conditions legislation of this sort would be an unnecessary and unwise experiment.”²

Legislation in this respect is likely to prove very ineffective, and might start us on a rapid course towards communism. Still, a limitation of individual possessions seems decidedly reasonable and actually demanded in the interests of a fairer and more equitable distribution of the goods of the earth. If laws are futile, then something more radical will be required, and that is a reconstruction of society which in its essential organization embodies the principle that wealth must be equitably distributed, and by its whole internal constitution prevents the growth of excessive fortunes.

Such a society is envisioned by Pope Pius XI when he speaks of a corporate state composed of vocational or occupational groups. A social order of this type realizing the idea of service and production for common use would do away with the unregulated competition which is the source of excessive accumulations of wealth. The cause being removed, the effect would also have to disappear. To our present economic system the idea of a limitation of property and of any restriction of economic activity is utterly foreign, and to engraft upon it such an idea would be impossible. Things so alien in spirit and tendency cannot be united with any probability of success. The entire trend of society must change before such a thoroughly new idea can receive a hospitable welcome. In a competitively organized society excessive inequalities of fortune can be prevented only by external means, the effectiveness of which will be defeated by the prevailing spirit of the system. If, however, the true organic character of society is restored with the proper subordination of individuals and classes to the common good implied in such a concept, excess of any kind will naturally

² “Distributive Justice” (Macmillan).

and spontaneously be forestalled, for harmonious and proportionate development is the distinguishing trait of an organism.

THE MEASURE OF A RIGHT

Repeatedly we have said that human rights are intrinsically limited. As a matter of fact, they may be termed self-limiting, as they contain within themselves their own measure. This principle of limitation or this inherent measure is the purpose for which they exist. Rights are teleological entities given to man for the attainment of certain ends, and these ends measure the extent of the right. Accordingly, the scope of rights cannot be arbitrarily extended. As soon as they exceed this scope, they cease to be moral powers and can no longer claim the protection of society and the law. Liberalism has introduced a false cult of right for right's sake. This false conception has resulted on the part of the state in tolerance of many moral evils on the plea that their suppression would constitute a violation of rights. True, it is the office of the state to guarantee the exercise of rights, and therein lies freedom; but when the state safeguards rights which cannot be morally defended, it promotes license. License has become the signature of our public life, which is very manifest in the case of the liberty of speech and of teaching; these two liberties in our days have degenerated into downright license and been converted into a menace to the community. In the realm of economics, the false interpretation of the idea of right has brought us unrestricted competition with all its attendant evils and abuses.

A saner conception of right is again finding favor and may prove the beginning of a reconstruction of society. Among others, R. von Ihering pointed out the teleological nature of right and others followed his lead.³ Thus, C. Lansberg and R. Stintzing strongly affirm the teleological aspect of right

³ "Der Zweck in Recht" (Leipzig).

in the following passage: "A juridical institution stands and falls with the achievement of its aim. It arises for the sake of aims, in the consciousness of aims, and in the struggle between aims. This is the reason why law cannot be explained either by mechanical processes or by blind growth. Its justification lies in its ends, as a means for their realization." ⁴ R. Stammeler expresses the same idea in his work entitled "Das Richtige Recht," implying by this title that there are wrong rights—that is, claims advanced by individuals or the community which have no warrant in the moral law. Practically, this constitutes a return to the Catholic concept of a law of nature, upon which all positive law must be erected.

Applied to our question, this means that the right of ownership to be valid must serve the end for which it has been bestowed. It neither extends to the acquisition of all objects nor to the appropriation of an indefinite amount of material goods. It is understood now that no man can have the right to own another human person, as was the case when slavery existed. This, of course, constitutes a limitation of the right of private ownership which resulted from a better understanding of the natural law. During the Middle Ages the serf was debarred from the ownership of land. This legal restriction has also passed away and yielded to the superior demands of the law of nature. Our present-day civilization is no longer in need of removing legal restrictions on the right of private ownership but rather of imposing them.

One important thing has been gained, namely, the right of every man without exception to be or become an owner of property. This right, however, is practically frustrated by the absence of restrictions on this very right, for an unrestricted right necessarily becomes an obstacle to the rights of others. Social evolution and moral progress will remedy this situation by restricting the right of ownership and thus really making it a practical right for all. Whilst, therefore,

⁴ "Deutsche Rechtswissenschaft" (Munich).

the right of any man to own property will be strenuously asserted, the right of any man to possess and own all he can physically acquire will be denied. There is no contradiction in this development if we keep in mind the moral nature of rights. Dom Virgil Michel shows that what appears to be a contradiction is really a higher, harmonizing synthesis, and states the case as follows: "What Christianity did for the right of ownership was first of all to extend it to all human beings; but then also to limit that right in terms of the general moral law. A true Christian definition of the right of ownership would read: The right to use, use up, or dispose of things in accordance with the moral law."⁵ To make the right of ownership actually accessible to all as the moral law demands, it must be restricted as to its content, for it is plainly an illusion to imagine that all can have the right to own something when one or some have the right to own everything.

We prove the limitation of the right of ownership by the very same reasons by which we establish the existence of this right. Man has the right to own material goods, because they are necessary for his proper human development and the satisfaction of his needs. But man's needs themselves are to be judged in the light of moral principles. Man has no conceivable right to everything he might fancy and wish. There are wants which have been artificially created but the catering to which is not morally justifiable, and hence there can be no valid moral claim to the possession of goods which would minister to the satisfaction of these harmful desires which are not in the true and moral sense needs and do not contribute to the good life. Only genuinely human needs can serve as the gauge, measure, and criterion of rights. Unreasonable needs form no basis for rights. Accordingly, since the material needs of man are actually limited, it follows logically that his right to the ownership and use of material goods is likewise limited.

⁵ "Ownership" (St. Paul, Minn.).

It is easily seen, however, that this line of argument derives its strength from a theistic world-view and a spiritual interpretation of life, and that as a consequence it will make no impression on those who accept a materialistic philosophy of life. The Middle Ages, deeply imbued with the spirit of Christian philosophy and appreciating material things at their right value, elaborated an economic theory in accord with these ideas. This theory was to the effect that man was bound to render some service to society, and that as compensation for this service he was entitled to a living in conformity with his social status. No one had a right to an unlimited use of material goods; use was to be limited by needs. The making of money or the getting rich idea met with severe disapproval.

In two passages St. Thomas sets forth that material goods must be sought only to the extent that they serve the higher purposes and aims of life, and thereby condemns the modern immoderate striving for wealth. Speaking of covetousness he writes: "Now, in all things that are for an end, the good consists in a certain measure; since whatever is directed towards an end must needs be commensurate with that end. . . . External goods come under the head of things useful for an end, as stated above. Hence, it must needs be that man's good in their respect consists in a certain measure, in other words, that man seek, according to a certain measure, to have riches in so far as they are necessary for him to live in keeping with his condition of life. Wherefore, it will be a sin for him to exceed this measure, by wishing to acquire or keep them immoderately. This is what is meant by covetousness, which is defined as immoderate love of possessing." ⁶ In another place he says: "Temporal goods are subjected to man that he may use them according to his needs, and not that he may place his end in them and be over solicitous about them." ⁷

⁶ Summa, II-II, Q. cxviii, art. 1.

⁷ *Op. cit.*, II-II, Q. lv, art. 1.

To all who are not bereft of moral sentiment, it is quite obvious that what constitutes a sin cannot be a right which the social order and the law should protect. In fact, if we think out the deeper implications of the teaching of St. Thomas, we come to the startling conclusion that the driving force which sets into motion our modern industrial machinery is a vice, and that a vice of particularly insidious character—covetousness or the love of money. We must do away with the liberalistic immoral fiction that man has a right to appropriate to his personal use an unlimited quantity of the goods of the earth. Religion and morality will prevent a man from allowing his desires to outgrow his legitimate needs and from misusing material things, but this is not enough. Public authority also has a duty in this respect, and must so organize the economic order that it will render impossible the accumulation of morally objectionable and socially harmful riches in the hands of anyone. The limitation of income for personal use is in full harmony with enlightened moral sentiment, and seems to be also the only way of bringing about a more equitable distribution of the national wealth. A high degree of social wisdom will be required to realize this end and without evil effects and social disturbance.

CHAPTER SEVEN

PROPERTY AND THE COMMUNITY

SINCE human development depends on material goods, man has a natural right to own property for his use. Material goods, however, are means towards ends, and these ends therefore impose limits on the amount of goods to which a man has a right for his personal use. From the moral point of view it is plain that, whilst a certain amount of material goods is indispensable and helpful to man, an excessive amount in all cases constitutes a danger for the individual, and in most cases proves actually harmful to his higher moral and intellectual interests. It is for the real good of the individual, and accordingly also for the common weal, that income for personal consumption be kept within reasonable limits. At a certain stage wealth becomes, as Ruskin very strongly puts it, "illth" which works great moral injury. Outlay for oneself cannot exceed a certain amount without becoming a cause of corruption and perversion. The good life for man does not consist in the indefinite satisfaction of material wants, and hence an income which enables man to expand and satisfy ever-increasing material wants without regard for moral considerations cannot be a justifiable objective of human striving. The truly valuable aims of human existence can be attained with a moderate income, for the simple reason that the legitimate material needs of man are restricted by his powers of consumption. Wholesome expenses can be kept down to a very low level, and will yet provide for all that is needed in a material way and at the same time supply ample opportunities for the fullest human

development and for genuine happiness. What is beyond such wholesome and reasonable expenses ministers to the gratification of desires that for the benefit of spiritual growth and harmonious self-realization ought to be suppressed. An unlimited income for personal gratification, since it actually would defeat the purpose of human life, cannot be demanded by anyone as his natural right, and there is no reason why society should in any way favor methods that will help individuals to possess more than they can use for their own good.

By its teaching concerning the end of life and by its ascetic tendency Christianity to a large extent prevented inordinate striving after wealth and encouraged the right use of riches. Its otherworldliness pointed to goods more desirable than those which money can buy, and thus naturally allayed the fierce hunger for earthly possessions. The inculcation of the moral virtues, such as temperance and humility, stopped the sources from which flows the craving for sense pleasures. Whilst the Christian spirit held sway, the pursuit of wealth could not become an absorbing and dominating interest. Since the ascetic sentiment led men to restrain their desires for sensual enjoyment, the rich could not use their entire wealth for themselves and accordingly would be inclined to share it with the needy. The entire atmosphere of Christian civilization was hostile to that intense struggle for material wealth which has come into existence since the decline of religious influence in public life and the spread of secularism. Christian morality thus had very important social effects, inasmuch as it inhibited immoderate striving for earthly possessions, drew a clear line of distinction between lawful and unlawful needs, fostered an ascetical attitude towards sensual pleasure, and thus rendered men more willing to give to their destitute fellow-men what was not required for their own wants.

Where the doctrine of materialism prevails, men will not recognize and admit that any portion of their income can be regarded as superfluous, for they can expand their wants

indefinitely so that they will absorb their entire income. It is only the Christian view of life which protests against an employment of wealth that disregards the glory of God and the moral and spiritual good of man. Automatically, therefore, Christianity supplied a curb on the selfish and improper use of riches as well as on the inordinate pursuit of material wealth. Besides such moral regulations of the acquisition and use of wealth, there existed social and legal methods which aimed at the enforcing of the moral obligations, for in an imperfect world moral duty, if it is not to remain ineffective in most cases, needs legal backing. At that, many of the duties relative to the right use of property are of such a nature that they cannot be easily reached by law, and must be left to conscience, as Pius XI pertinently remarks when he writes: "The putting of one's own possessions to proper use, however, does not fall under this form of justice, but under certain other virtues, and therefore it is a duty not enforced by courts of justice."¹ This, however, is certain: when religious and moral inhibitions have been removed, as is unfortunately the case in our days, social and legal measures against the misuse of wealth become an imperative necessity.

Both for the protection of individuals and for the promotion of the common welfare public authority will have to take a hand in the regulation of industrial activities and supervise business to such an extent that incomes utterly disproportionate to human requirements are eliminated. This theory is daily gaining new converts. It is frankly stated and ably championed by Mr. Stuart Chase, who declares: "I think we should admit freely, with no quibbling, no qualifications, that the function of public business today is to do what must be done to assure the healthy survival of the whole community."² And in the mind of the writer healthy survival means that all members of the community have an income

¹ "Quadragesimo Anno."

² "Government in Business" (New York City).

sufficient for all human needs, physical, recreational and cultural. That would spell the end of absolute business autonomy. The aim stated in such general terms is in accord with the dictates of fundamental justice and in harmony with the declarations of the Papal Encyclicals. The point to be settled is through what mechanisms and policies shall this regulation of industry and business be effected? The problem of regulation grows in difficulty with the increasing complexity of economic life. It is infinitely more difficult than it was in the Middle Ages, with their comparatively simple economic order. In our highly developed forms of industrial organization different types of ownership and different methods of control will be required for different situations. It is quite evident that some industries are more directly affected with a public interest, and that, as a consequence, these must come under more rigid public control. In this connection we may recall the fact that there existed much common ownership among the medieval guilds. A revival of common ownership on a large scale in our industries of national scope may prove an effective means of reducing excessive incomes to reasonable size and of spreading moderate incomes over a larger surface. When we say common ownership, we do not mean a type of ownership that is advocated by communists and state socialists, but rather a way of holding property suggested by vocational groups which Pius XI had in mind. Common ownership in that case would imply common management and control, and one of the functions of these would naturally be the determination of the respective incomes of all engaged in that particular industry whether as directors or laborers.

All incomes within society should bear to one another a reasonable proportion. We must do away with the fiction that one man is worth so much more than another, and that therefore he is entitled to an income which bears no relations to those of the men working in an inferior capacity. Execu-

tive ability is not so rare as the recipients of high salaries would make us believe. In not a few cases success in that respect is not by any means due to exceptional talent, but rather to a certain ruthlessness which exacts the last ounce of strength from the subordinates. Such a trait is far from being commendable, and certainly deserves no special recompense. Management will not suffer much even if the incomes of high executives are leveled down considerably to meet those of the lower functionaries.

A gradation of incomes is desirable in order to stimulate initiative and put an edge on the spirit of enterprise, but the upper as well as the lower reaches of these incomes should be defined in such a way as to take into account human needs and the value of the services rendered to the community. In fixing the minimum, the chief consideration must be need. In fixing the maximum, allowance will have to be made for the requirements of social status. Somehow or other men have the idea that those in more responsible positions must make a certain outlay for external display to impress others with the importance of their office. The idea seems to be as old as humanity, and therefore no doubt is essentially reasonable.

The Middle Ages made very much of this idea, and based upon it the gradation of incomes. The sumptuary laws of those times are a corollary of this concept, and had the purpose of enforcing social distinctions. In determining what in any given case had to be regarded as superfluous, the idea of social status was again and again invoked. Thus, St. Thomas speaking of the duty of giving alms writes: "Secondly, a thing is said to be necessary, if a man cannot without it live in keeping with his social station, as regards either himself or those of whom he has charge. The necessary considered thus is not an invariable quantity, for one might add much more to a man's property, and yet not go beyond what he needs in this way, or one might take much from him,

and he would still have sufficient for the decencies of life in keeping with his own position. Accordingly, it is good to give alms of this kind of necessary, and it is a matter not of precept but of counsel. Yet, it would be inordinate to deprive oneself of one's own, in order to give to others, to such an extent that the residue would be insufficient for one to live in keeping with one's station and the ordinary occurrences of life: for no man ought to live unbecomingly. There are, however, three exceptions to the above rule. The first is when a man changes his state of life—for instance, by entering religion, for then he gives away all his possessions for Christ's sake, and does the deed of perfection by transferring himself to another state. Secondly, when that which he deprives himself of, though it be required for the decencies of life, can nevertheless easily be recovered, so that he does not suffer extreme inconvenience. Thirdly, when he is in presence of extreme indigence in an individual, or great need on the part of the common weal. For in such cases it would seem praiseworthy to forego the requirements of one's station in order to provide for a greater need.”³

It goes without saying that this ideal of the requirements of one's social status could also be used to justify gross social wrongs, and was in fact frequently so used. Withal, it did stand for a limitation of income in accord with the demands of the public good, and gave no countenance to the liberalistic theory that a man can have a valid moral claim to an unlimited income for personal use. That also is explicitly stated by St. Thomas: “The temporal goods which God grants us, are ours as to the ownership; but as to the use of them, they belong not to us alone but also to such others as we are able to succor out of what we have over and above our needs.”⁴

The scholastic theory concerning the use of property,

³ Summa Theol., II-II, Q. xxxii, art. 6.

⁴ Loc. cit., art. 5, ad. 2.

though it placed moral restrictions on the expenses which a man should make for the satisfaction of his material wants, left ample room for cultural pursuits and did not encourage narrow parsimoniousness or a puritanical narrowness of life. For if it condemned avarice and covetousness, it lauded liberality and munificence. The sumptuousness which we find in those days consisted chiefly in the promotion of the arts and really elevated the general standard of living; it was quite different from the luxury of a materialistic age which devotes itself to sensual indulgence. Superfluous income can be employed in a socially beneficial way if its use is directed by the virtue of munificence or liberality. Accordingly J. Buridan writes: "By munificence we understand a habit inclining to the performance of great works, or to the incurring of great expenses, when, where, and in the manner in which they are called for—for example, building a church, assembling great armies for a threatened war, and giving splendid marriage feasts." Ethical teaching of this kind saw to it that surplus income was turned into socially beneficial channels and diverted to altruistic purposes. The great emphasis on the duty of almsgiving was another factor which softened the effects of existing inequalities of wealth. We should also remember that almsgiving, though urged on religious and moral grounds, took on the character of an economic function and played an important part in the distribution of wealth.

The ethical communism of the use of property, as we may not inaptly call it, stabilized the community, and headed off communistic theories and movements of the modern type. As soon as this teaching concerning the community of use came to be generally disregarded, tendencies similar to those in our days arose and demanded not only community of use but a community of ownership. This appears clearly from a passage from Trithemius, written at the end of the fifteenth century. "Let the rich," he writes, "remember that their possessions have not been entrusted to them in order that they

may have the sole enjoyment of them, but that they may use and manage them as property belonging to mankind at large. Let them remember that when they give to the needy they only give them what belongs to them. If the duty of right use and management of property, whether worldly or spiritual, is neglected, if the rich think that they are the sole lords and masters of that which they possess, and do not treat the needy as their brethren, there must of necessity arise an inner shattering of the commonwealth. False teachers and deceivers of the people will then gain influence, as has happened in Bohemia, by preaching to the people that earthly property should be equally distributed among all, and that the rich must be forcibly condemned to the division of their wealth. Then follow lamentable conditions and civil wars; no property is spared; no right of ownership is any longer recognized; and the wealthy may then with justice complain of the loss of possessions which have been unrighteously taken from them; but they should also seriously ask themselves the question whether in the days of peace and order they recognized in the administration of these goods the right of their superior lord and owner, namely, the God of the earth." ⁵ Our whole modern development is foreshadowed in this passage: when the last vestiges of the scholastic teaching on the use of property were swept away, ownership itself was called into question and not only a community of use but a community of actual ownership was demanded. The one thing which saved the Middle Ages from bitter attacks on property was the universally diffused contempt for material goods. The modern abuses as well as the modern problem are the inevitable fruits of an over-attachment to the material goods of the earth.

If in the medieval scholastic teaching on economics use of property is more emphatically stressed, the reason is to be sought in the fact that under the social circumstances of the

⁵ Quoted from J. Janssen, "History of the German People."

times property was far less mobile than it is in our days. The rise of cities with the consequent growth of the mechanical trades and the increasing importance of the merchant had only begun, and the general social background was still feudal. With conditions of property almost rigidly fixed, the main issue was that of the use of property. When, however, property becomes fluid and mobile, the question of the acquisition and exchange of property assumed greater importance and was made the subject of moral discussion. In our days of extreme fluidity and mobility of property the question of acquisition commands foremost attention. Moreover, the question of the use of property enters on a new phase. Using property in socially beneficial ways is no longer that of a charitable distribution of superfluous income, but rather that of a socially helpful business investment. The ideal modern property-owner opens up to his fellow-men opportunities of employment by means of which they acquire the necessities of life and eventually become property-holders in their own right. This new manner of using property has been made practical by the mobility of property and the wage system. Almsgiving is of secondary consideration in our economic system, and should be restricted to such cases where an individual is unable to perform economically profitable work; the ordinary channel through which wealth is distributed is work. Both justice and charity require that the property-owner give work to his fellow-men. That is the social obligation which now rests on ownership. He who uses his wealth to create jobs serves the community well and administers his wealth in accord with the dictates of the moral law.

We may liken ownership to public authority, which the incumbent of public office does not possess for his own benefit but for the good of the community. Productive property, in order to benefit society, must be properly managed, preserved and invested. This can be best done if the title to it rests with individuals; otherwise there could be no consistent

and systematic employment. Hence St. Thomas says: "The temporal goods which God grants us are ours as to ownership." The capitalist owns his capital, and he can put it to any social use he pleases. If it really is his own, he feels in respect of it a strong personal responsibility and takes pains to invest it profitably, to keep it intact and possibly to increase it. That is for the good of the community, for it is quite essential that productive capital be not squandered but preserved for future use. In this sense we can say that private property is a public trust, and that the owner is a steward and not an absolute lord and master. The basic moral duty, therefore, of the property-owner is to manage his productive possessions in such a way that they will bear fruit and to share these fruits justly with those who cooperate in the work of rendering his property productive. Private ownership should remain, but it must be so fitted into the social structure that it really serves its basic purpose: the common good.

CHAPTER EIGHT

REGULATED PRIVATE OWNERSHIP

THE common good demands that property be socialized. By this we mean that the existing goods of the earth must be made to serve the needs of all men, for that is patently their first purpose. From this original purpose of the goods of the earth emanates the fundamental right of every man to such goods as are required for the maintenance of his life and his specifically human needs. This basic right extends to all men without exception, and never may the goods of the earth be so exclusively appropriated or cornered by a limited group of men as to debar the rest from their use. The destination to minister to the needs of all men is so essentially stamped on all earthly goods that it can never be effaced. We might say that on all possessions rests a species of social servitude of a permanent character which is ever renewed and ever reborn. The totality of the material wealth existing at any given time has the object of supplying the needs of the men who live at that time. Catholic social philosophy has always and unequivocally asserted the social aspect of property, and has never admitted the existence of any property completely divorced from social obligation. The concept of absolute property is foreign to Christian teaching, and is naturally repugnant to any man not entirely devoid of humane sentiments. This socialization of property as we understand it, however, does not destroy the principle of private ownership. Private ownership is not only not incompatible with the fundamental social aspect of property but appears the best means of realizing it.

Socialization of property may be taken in another sense, namely, in that of collective ownership. That is the construction put on the phrase by the adherents of socialism and communism. If taken in that sense, it excludes private ownership and places itself in opposition to historical development and traditional Catholic teaching. Socialization after the manner in which we understand it aims at making effective the theory of St. Thomas, according to which things may be private as to ownership but common as to use. Of course, the owner may use the external things of which he is the rightful owner for his own needs. This right, however, need not be stressed, for natural self-interest and self-love will see to that. Withal, the use of property for private enjoyment is limited by the moral law and the various virtues which regulate the pleasures of the senses.

But the social use of property does not follow with the same spontaneity, and must be explicitly commanded and at times enforced by the authority which is entrusted with the care for the public good. Thus, it was an accepted axiom that the landowner who allowed large tracts of land to lie fallow, though the cultivation of them was necessary to supply the needs of the community, could be compelled to put these fields under cultivation. True, he was the legitimate owner of these tracts, but it was his duty to use them in a socially beneficial manner. The duty of the socially beneficent use of property was, for example, completely ignored in England when after the Reformation the nobles enclosed the commons and converted what was intended for the good of the community to their own private pleasure and enjoyment. In this case we have a denial of the fundamental social character of private property, and this disregard of the social obligation of property resulted in the excessive enrichment of the few and the degrading impoverishment of those who had formerly derived sustenance from these lands unjustly withdrawn from public use.

In the scholastic theory, the social use of property is the chief title to private ownership, as Dr. George O'Brien well says: "The principle of community of user logically flows from the very nature of property itself as defined by Aquinas, who taught that the supreme justification of private property was that it was the most advantageous method of securing for the community the benefits of material riches. While the owner of property has therefore an absolute right to the goods he possesses, he must at the same time remember that this right is established primarily on his power to benefit his neighbor by his proper use of it. The best evidence of the correctness of this statement is the fact that the Scholastics admitted that, if the owner of property was withholding it from the community or from any member of the community who had a real need of it, he could be forced to apply it to its proper end."¹ With the medieval theologians it was a commonplace that, whatever form private property assumed, it could never be divorced from social duties and had to justify itself by the advantages it brought to the community. With the Scholastics this was an ethical law which the proper authority could enforce; with the classical economists it was an economic law which had to be left entirely to itself and with which public authority should in no way interfere.

Social justice, then, consists in this, that the fundamental social character of property is brought to fruition. It demands that the property-owner make the right social use of his possessions. It arises out of a social relationship in which one member of society becomes to another dispenser of the material goods required for human existence. This relationship presupposes a dependence predicated on the fact that the one is owner of material goods and the other is without them. The owner exercises in regard to these material goods a stewardship for the benefit of others. Since it is not only a

¹ "An Essay on Medieval Economic Teaching" (London).

question of distributing goods for immediate use but also of providing them for the needs of the future, it becomes the owner's duty properly to husband his possessions and to render them productive. The obligations towards others naturally increase in proportion to the extent of the property owned.

Let us localize our consideration and adjust it to the actual and practical units in which mankind exists on earth. We speak of national economy, thereby indicating that the actual unit of economic life is the nation. In the same manner we also speak of national wealth, implying that a certain definite amount of natural goods belongs to a certain political unit and is intended to serve its needs. The term "national household" gives expression to the same idea. In no practical sense could we speak of human economy, meaning that the resources of the earth are immediately managed for the general welfare of the human race. At present there is no agency or organ by which mankind acts as a unit or a whole, either politically, socially, culturally or economically. We have no intention of suggesting that any nation or country could or should be economically self-sufficient. Withal, in spite of the mutual interdependence of the nations and countries of the earth, there is such a thing as a national household, and it is this national household which constitutes the practical unit, subject and end of economic activity.

The national wealth, then, comprises the total resources which a country commands, and which are supposed to sustain the people which lives within the boundaries of this country. For efficient management this wealth is privately owned, but its purpose is to maintain the entire population in conformity with the requirements of decent human living. The maintenance of the people is the social claim against the national wealth, and the fulfillment of this claim is the object of social justice. The propertyless acquire a title to their share of the national wealth by the service they render in making

the national resources available for use. Social justice accordingly is a virtue of the property-holders with respect to those who must live by their labor or by some service which they render. Not the State but capitalists and industrialists are the subjects of this virtue.

THE STATE AND SOCIAL JUSTICE

It is a question of great importance to determine accurately in what precise relation public authority stands to social justice, for here lies the watershed between communistic and Catholic theories of society. Catholic theory does not wish to compromise private ownership, though it calls on the State to enforce the social obligations attaching to private property. When the State enforces the demands of social justice, it does this, not because it is the supreme owner of the national wealth, but because it must safeguard the rights of its members and adjust their relations towards one another. Its function in this case in no way differs from its function when it adjudges a question of commutative justice. When, for example, in a litigation a piece of property is adjudicated to one of the contestants in the case, the State does not give or confer the property in question, but orders the one who unjustly possesses it to restore it to its rightful owner.

The situation in the case of social justice is identically the same. The State here acts, not as the distributor of the national wealth, but merely as the judge of rights that lie deeper than the rights created by law and are embedded in the fundamental structure of human society. Particularly do we stress the point that the enforcement of social justice is not an exercise of the power of eminent domain. The power of eminent domain is but rarely called into play, whereas social justice is supposed to regulate ordinary and frequently occurring relations in society. Moreover, eminent domain is directly concerned with property and material possessions,

whilst social justice is directed towards persons and the relations existing between them. The State does not own in any sense, either ordinarily or eminently, the material goods of its subjects, but it has jurisdictional power over the activities of the citizens and can make them conform to the dictates of the moral law. It has the power to specify, modify and restrict the rights of individuals to the extent that this is required by the exigencies of social life. This power naturally extends to the right of ownership, which is cardinal in all social relations. Not by virtue of a superior ownership has the State any competence in the distribution of the national wealth, but in its capacity as regulator of personal rights in society. Social justice, then, envisages the proper regulation of property rights in regard to the common good. It constitutes a jurisdictional function. Its ultimate norms are the primary rights which flow from human nature and the ultimate purpose of material goods. It assumes different expressions as the forms of property-holding and ownership change in the course of human progress. Social justice in a regime of serfdom would not be the same as social justice in a capitalistic order. Only in its essential content it would be invariable, inasmuch as it demands for all the members of the national household a living which must not fall below essential human standards and which must be proportionate to the state of prosperity which the nation has achieved.

In our days when communistic ideas are rapidly spreading, it is vitally important that we do not attribute to the State an ownership which it cannot claim. So, when we say that the State must enforce social justice, we do not mean that it is the office of public authority to distribute the national wealth, because this wealth is individually and privately owned. The distributive justice, of which the Scholastics speak, has nothing to do with this matter but bears on something quite different, namely, the equitable distribution of public burdens and the proper apportioning of public offices. The State

practises distributive justice, whereas it *enforces* social justice. The insistence on social justice, therefore, in no way weakens the right of private ownership. This appears clearly from the manner in which Dr. J. Kelleher sets forth the duty of the State in regard to the fair distribution of the goods of the country, for it is plain to every open-minded individual that social authority must have something to say on this subject. Dr. Kelleher writes: "With regard to material goods, as complete and independent every individual has an inalienable right to their use, but as social, as one destined by nature to live with others and exercise this right in conjunction with them, his right is subject to social authority. . . . Social authority controls the individual's use of goods, by virtue not of ownership but of jurisdiction. The State, as the institution charged with the responsibility of maintaining social peace and prosperity, does not acquire an exclusive right over goods to administer them in the interests of its subjects, or to hand them over as it thinks fit to administer them themselves. The right in material goods which individuals enjoy even as members of society are not received from the State, but are simply developments of the indefinite rights which all have prior to and independent of every action of the State."² Thus, social justice is not based on an implicit collectivism, but frankly admits individual and private ownership.

In another passage the author develops his ideas as follows: "But how can the State change the indefinite right that all men have into such definite, exclusive rights as belong to private ownership? Not by any power of ownership. The State cannot destroy the indefinite right of all its subjects, so as to acquire exclusive right over all goods, and thus be in a position to hand over as much as it thinks well to any individual it chooses. It cannot create exclusive rights. But it can make laws to regulate the use of the indefinite rights that men

² "Private Ownership. Its Basis and Equitable Conditions" (M. H. Gill, Dublin).

have prior to and independent of the State, and by virtue of these laws these rights tend to become exclusive. . . . But the State must legislate for the public good, not for the special advantage of any particular individuals and classes; such exclusiveness of rights as it establishes must, therefore, be made for the benefit of the community as a whole, not for the personal benefit of proprietors. Moreover, since the State cannot abolish the original indefinite rights altogether, those who through its legislative action acquire exclusive rights must be made liable for the maintenance of others.”³

Private ownership of a genuine and exclusive character but with fully realized and enforced social responsibility has many advantages over collective ownership, because on the one hand it is more likely to safeguard the productive capital of a nation, and on the other hand it constitutes a powerful incentive to individual enterprise and endeavor. It may also be pointed out that there always will be numerous individuals in every community who will never learn to use productive property economically and manage it profitably. For such it will be more beneficial if they live by their services to property-holders, provided of course that their work is rewarded in a way that will maintain them decently.

If the Papal Encyclicals recommended a wide diffusion of private ownership, they hardly envision a situation in which really all men will be actual owners. Such a condition of affairs would be ideal, but in view of human imperfection utopian and not practicable. What is absolutely speaking the best may not at all be the best under certain given circumstances. Not all can govern, nor can all rise to the condition of industrial managers and employers. All that reason demands and justice requires is that a state of affairs be established in which each individual is properly cared for according to his ability, in which fair opportunities are offered to those who wish to avail themselves of these opportunities,

³ *Op. cit.*

and in which more ample prizes are held out to those who are willing to take greater risks and to give more generous social service. It would be folly to blink the fact that we have and always will have among us men whose vision does not extend beyond their immediate needs, and who therefore depends on the foresight of others; men who will not exert themselves unless compelled by want, and who in no case can be prevailed upon to put forth more than a minimum of effort; men who lack the ability to create opportunities for themselves and to launch on new enterprises; men who have no spark of the pioneer spirit in their souls and possess no resourcefulness or inventiveness. They are, like the laborers in the parable of the vineyard, waiting to be hired by someone who comes along and offers them work. The social structure unquestionably must also make provision for them, but in a way which is adapted to their outlook on life. They will do well enough in dependent positions, while others assume the responsibility and do the planning. Such positions will be found in a regime of private ownership, because productive property always has need of labor. This scheme will even be preferable from the point of view of the laborer, for besides providing him with a decent livelihood it ensures him a measure of liberty which he would not enjoy under a collectivistic arrangement.

Under collectivism there would be no choice of a master, since there would be only one employer; under a system of diffused ownership there would be many employers to whom the laborer could offer his services. Well does Dr. Kelleher say: "Private ownership on a broad basis would secure the two things which Schaffle vainly looked for in a collectivist organization, namely, freedom for workmen and efficiency in production. Granted a large number of proprietors, these would compete with one another to secure the services of workers and the patronage of consumers." ⁴

⁴ *Op. cit.*

The benefits and advantages referred to are not claimed, let it be understood, for a regime of unrestricted capitalistic competition, but for a system of regulated private ownership as we have tried to describe it. For such a system utilizes to the best advantage the inherent tendencies and aspirations of the human heart, and curbs them at the point where they begin to become harmful to others and to cause social abuses.

Social justice and the common good involve many factors which must be delicately balanced in order to achieve the desired result. There are opposing tendencies which in some manner have to be reconciled and harmonized. Reservations and qualifications have to be inserted and concessions made to the practical exigencies of human nature. One who expects anything simple and quite clear-cut in this matter is certainly doomed to disappointment. In fact, we would do well to mistrust any formula or synthesis that offers too simple and ready a solution. True, both collectivism and liberalism are extremely simple, but this very simplicity is against them.

CHAPTER NINE

THE NECESSITY FOR MORALITY IN INDUSTRY

INDUSTRY is directly concerned with material goods, but since the activities which produce these goods emanate from man and since in their turn the goods thus produced are destined to serve the needs of man, it follows logically that industry is bound to have manifold relations to morality, because all human activity is subject to ethical norms. Before we can accurately determine the points of contact between industry and ethics, we must investigate the specific nature and character of industrial activity, since moral laws are not arbitrarily imposed but are derived from inherent natural tendencies. Industrial morality constructed without due regard for actual facts and built on a purely ideal basis would prove useless for all practical purposes, interfere unnecessarily with industrial processes, and end by being utterly disregarded and scorned in real life.

In general, ethics must remain close to life, and must carefully adjust its demands to the stubborn realities of existence. This holds particularly good of industrial ethics, because here we have to do with processes that are not entirely subject to human control. Where man is confronted by natural forces as he is in the case of economic activity, he has to accept the laws by which nature is governed, and cannot bend them to suit his will. Questions of technical arrangement and of industrial organization for greater efficiency and productiveness do not present moral issues in themselves, but must be decided solely from the standpoint of industry. The mere

moral fiat can have no effect in the presence of factors that are not amenable to moral regulation. Hence, if it is our desire to formulate a practical economic morality, it is essential that we take into account the inner nature of the economic activities for which we intend to establish rules and norms. Classical economics fell into the fatal error of theorizing without regard for economic facts, and as a consequence of such abstract dealing with man and life led industry into a blind alley; economic ethics must avoid this blunder lest it come to the same ignominious end as classical economics.

Moral imperatives are effective and helpful when they grow out of life and correspond to its exigencies. What ought to be, can be determined only by a profound understanding of that which is. The ideal is foreshadowed by the real and continuous with it. Thus, our method of procedure is clearly indicated if we wish to build up an industrial morality that can be practically applied and will command the respect of those who are engaged in this field. Some familiarity with the conditions of industrial production and the recognized economic laws is as indispensable for the moralist who legislates in economic matters as some knowledge of medicine is necessary for the exponent of medical ethics. True, we may be in possession of the general moral principles, but we still have to discover the point at which these principles can be inserted into the concrete system of production and applied to the detailed situations which it presents, for the moral aspects of secular and technical problems are not immediately evident. The concrete application of morality to the actual circumstances of life is immeasurably more difficult than the enunciation of general principles. One added circumstance may change the whole complexion of the case and require an entirely different solution.

Industry is a complex and gigantic mechanism in which not only free causes but also necessary agencies are operative. In such a complicated situation to determine what is right

and wrong requires considerable knowledge about all the details that enter into the case. The ends of industry and those of morality lie in different planes, and to dovetail the former with the demands of justice is a real problem.

We find ourselves in agreement with Michael de la Bedovere, who rightly argues that, though the Church is the authentic teacher of morals, she has not on that account in her grasp the immediate solution of all practical social and economic questions. Such a solution calls for the acquisition of empirical knowledge which is neither contained in the deposit of revelation nor inferable from the first principles of morality and justice. In a very readable article he writes: "While in all aspects of life it is the rightness and wrongness of concrete actions, not general laws, which are of most interest and importance to the individual, this is even more obviously so in the economic order, for economics is not an *a priori* system but a working solution to practical problems, a solution obtained for the most part by repeated trial and error. If moral principles are to remain in close contact with these experiments (made, alas, at the expense of the individual), they cannot impose themselves in doctrinaire fashion; they must, so to say, unfold all that is contained within them and let this content shape itself to the form of the economic and social experiment."¹

All that can be offered are tentative solutions, which will have to be tested by experience. Only thus can it be ascertained whether they will realize the desired justice without impairing industrial efficiency, the preservation of which is essential to the welfare of society. A system of abstract industrial justice, ignoring the concrete conditions of production and its dependence on material factors, might very easily result in a state of affairs in which justice itself becomes meaningless because there no longer are any goods to which

¹ "An Introduction to Catholic Sociology," in *The Dublin Review* (July, 1933).

it could be applied. The Christian ethos is to be injected, not into a vacuum, but into an economic order that has historically developed and taken on a certain stability and permanence. Before we can judge the morality or immorality of the relations existing in this order, they must be understood in their technical as well as ethical aspects. Technical and moral knowledge must be wedded. Again we may quote the above-mentioned author who remarks: "What is not so often seen is that you cannot make a useful moral judgment about that actual system or some part of it without taking into consideration the knowledge that exists about the pertinent technical sciences; still less can you undertake to improve the moral conditions of secular life without understanding a great deal about these sciences whose conclusions bear so heavily on that life." ²

SUBORDINATION OF INDUSTRY TO ETHICS

Ethics does not create human and social relations. These arise out of natural exigencies, and it then becomes the task of ethics to fashion them after a moral pattern and to bring them into harmony with the requirements of justice. By reflection on the facts man arrives at a knowledge of the laws which should govern them. Accordingly, ethics always lags a little behind life and rarely catches up with it, since it is obvious that man cannot legislate for situations and relations which do not yet exist and of which he can have no idea. Thus, general ethics will always remain indebted to history and sociology and cannot dispense with their services.

In particular, economic ethics surveys the data which the various economic and social sciences furnish and subjects them to critical moral appraisal. It lays down no rules for the exchange of goods until such an exchange has been actually established as an economic function within society; it has

² *Loc. cit.*

nothing to say about a just and fair wage until the wage-system has come into being. Economic relations do not spring from ethical considerations, but originate in ways that lie outside the domain of ethics. Industry, likewise, assumes a certain form under the influence of factors determined by human needs, technical inventions, and geographical conditions. To the extent that the form of industry is the result of a natural development utilizing to the best advantage the resources of the realm and adopting the mechanical inventions of the time, industry remains entirely within its own sphere and as a consequence is autonomous. In these limits ethics makes no claim to dictate. Only when human values are involved does the competence of ethics begin.

The dominating and specifying factors in human activity are objects, motives, and ends. These are arranged according to a hierarchical scale of values in which they must respectively take the place to which they are entitled. Some of these ends are moral in their own right; others become so only by being referred to ends that belong to a higher order. Industrial activity is fitted into this order by means of the objects which it realizes, the motives by which it is prompted, and the ends which it pursues. At one glance, however, it appears that the specific objectives of industrial activity do not directly bear on man's highest end. Still, in some manner, albeit remotely and indirectly, all human activity not only can but must be made contributory to the ultimate end and the supreme good of human existence. Industrial activity constitutes no exception to this rule. Hence, though its immediate aim is the production of material goods, it can be well articulated with the moral and spiritual scheme of human life. Therein lie both its moral justification and its moral dignity.

The basis of the moralization and idealization of industry is to be found in the composite nature of man, which entails a dependence of the spiritual on the corporeal and material.

The higher spiritual fulfillment of man is essentially predicated on the satisfaction of bodily wants. It is to these wants that industry caters. To produce an adequate supply of the commodities serving this purpose is the specific end of the industrial function, and to accomplish this purpose industry works out an efficient technique and an appropriate organization. In these matters pertaining to the management of industrial affairs and the profitable conduct of business morality has no advice to offer. Neither religion nor morality can save a badly conducted business enterprise from eventual ruin and bankruptcy. Moral goodness is no guarantee of business ability, and piety does not make up for deficient business methods. Industry having distinct ends also calls for distinct aptitudes and abilities, which are not necessarily associated with moral rectitude and, like all other talents, must be cultivated.

By way of parenthesis, we may here introduce an observation which, if not directly belonging to our topic, is nevertheless germane to the subject. A good, religious and honest man fails in his business, and attributes his failure to the fact that in our economic order honesty cannot survive. We admit that dishonest competition has often ruined an enterprise conducted on honest lines. Still, we venture to say that, generally speaking, business failure is due to lack of business ability. Instead of putting the blame for his lack of success on his honesty, the good man who makes no headway in his business would do well to examine the manner in which he conducts his business, for not unlikely it is there that he will find the cause of his failure. Good men not seldom have a nonchalant, indifferent, and slovenly way of conducting their business, laboring under the fond delusion that their religiousness must supply their defects.

Again we have the Catholic man who loses his position and immediately charges it to religious discrimination. He does not take the trouble to find out if inefficiency is not the real

reason of his discharge. It flatters his personal vanity to pose as a religious martyr. Man in all situations of life is but too willing to exonerate himself and to locate the source of his troubles outside of himself. Such unconscious self-deception is perhaps the most common fault of our race. Those who loudly proclaim that they never had a chance in this iniquitous world, and compassionately look on themselves as the innocent victims of circumstance, are legion. Now, truly there are ill-starred individuals who through no fault of their own are dogged by bad luck, but before one puts oneself into this unfortunate category and absolves oneself of all personal responsibility one should make sure by a sincere self-examination that one has not brought one's ill-fortune on oneself.

There is a worldly wisdom which is not incompatible with the highest wisdom, and which sometimes men of honesty affect to despise. Well, the Gospel itself commends the shrewdness of the unfaithful steward, and condemns the business inefficiency of the slothful servant who hid the talent that was entrusted to him in a napkin instead of rendering it productive by indefatigable and assiduous labor.

There exists a virtue of industry which aims at a reasonable satisfaction of material needs and endeavors to supply human wants in the most economical manner. Lowly though this virtue may be, it is of basic importance and should not be scorned. The man who conducts his business in a wasteful manner should not pride himself on his superior virtue. He does not acquit himself well of his stewardship, and soon will be unable to treat his employes with justice and fairness. On the contrary, these latter will become the victims of his unbusinesslike methods. It is this situation which Pius XI had in view when he wrote: "The condition of any particular business and of its owner must also come into question in settling the scale of wages; for it is unjust to demand wages so high that an employer cannot pay them without ruin, and without consequent distress amongst the working

people themselves. If the business make smaller profit on account of bad management, want of enterprise or out-of-date methods, this is not a just reason for reducing the workingmen's wages."³

Faithful stewardship, which manages industry in a way beneficial to society, increases the material goods needed by men, provides employment for labor, preserves economically the working capital of the business, expands the enterprise in response to the needs of the community, and places it on a secure and stable basis—such stewardship is a real virtue not always sufficiently recognized and deserving of a high rank. An efficient industrialist and a good business man may be a great blessing to a community. A neglectful business man is no asset for society, and merely deceives himself in thinking that he is a good Christian. The first duties that a man must conscientiously fulfill, are those that arise out of the particular situation in life in which he has been placed.

Industry, then, ministers to the material wants of man, but these wants must be correlated with higher specifically human ends of man. To remain on a truly human level, industry must supply material goods in a manner consonant with human nature, both as concerns the objects which are produced and the way in which they are produced. When industry repudiates the essential subordination to the higher spiritual ends of man, it degrades itself and leads to an inevitable degradation of man; when it willingly and consistently subordinates itself to the spiritual purpose of human existence, it truly promotes man's highest interests, creates the foundations of culture and civilization, and assists in lifting man to his proper perfection as far as this is attainable in this earthly life. Such service confers on industry a genuine nobility and invests it with spiritual significance. The so-called absolute autonomy, which liberalism demands for industry, wrests it from the context of human purposes, and as

³ "Quadragesimo Anno."

a consequence despoils it of all real dignity. This is not pure speculation, but has been amply demonstrated by the sad experiences of our days, which eloquently testify to the fact that industry, when emancipated from moral ends, leads to the enslavement and the degeneracy of our kind and to a deterioration of the quality of civilization. It is more ennobling to be instrumental in the attainment of a higher purpose than to become completely absorbed in a lower one. In this sense Father Valère Fallon, S.J., writes: "Ethics orientates, elevates, supports, and contains the economic activity of man." ⁴

In the light of recent catastrophic events we may justly add that, if the dissociation of the immediate objective of industry from the integral purpose of human life is consummated, it will not be long before industry fails completely within its own province. As man is one, so life must be unified. If the unity of life is in any way broken up, all the several parts are unfavorably affected. It may be that for a brief time a section cut loose from its relations to the whole flourishes and obtains an unexpected growth, but this cannot be lasting. Thus it happened with regard to industry, which in the beginning seemed to thrive in its isolation; but the nemesis rapidly came in the breakdown of economic life which our generation was compelled to witness. Without danger man cannot be divided; and if the so-called economic man is divorced from the moral man, the operation will not only be fatal to the moral good of man, but will likewise prove destructive of his economic welfare.

Man's nature in its undivided wholeness, in its material as well as its spiritual aspects, constitutes the norm, the measure, and the regulative principle of every function which is carried on in society. Production is not just production, but production for man. Man is not any kind of a consumer,

⁴ "Principles of Social Economy." Translated by Rev. John L. McNulty, Ph.D. (Benziger).

but a human consumer. Even his purely bodily wants cannot simply be paralleled with similar needs of the animal, but are stamped with a unique character. They form the warp, into the texture of which something spiritual has to be woven.

Our conclusion, therefore, will have to be that industry must satisfy human wants in a manner that will contribute to the fullest development of human personality and cultural advancement. This, however, it will not accomplish if it is made the determining and dominating factor in society as the materialistic philosophy of communism would have it, but only when it is organically fitted into the totality of life and properly subordinated to the spiritual purpose of life. The higher development does not spontaneously grow from the lower, but the inferior ends must be grafted into the living organism and by this process become sublimated and spiritualized. It is a cosmic law that the higher reaches down to the lower and assimilates and perfects it. After these preliminary considerations we shall be in a position to set forth the nature of industry and to lay down the laws by which it must be governed. This is what in the real sense we can call the rationalization of industry.

THE PERSONAL POINT OF VIEW IN INDUSTRY

THE economic system, though its immediate objective consists in producing and distributing material goods in society, does not enjoy an independent and unrelated being of its own, but must be properly subordinated to the higher aims of human existence. It is an organic part of society, and hence in its own peculiar way must contribute to the fulfillment of life. Every social arrangement exists for the purpose of making possible the better life. The contribution which the economic system makes to this end is of great importance on account of the dependence of the development of man and society on material conditions. Economic activity is service of man and society. From it helpful and ennobling influences should radiate. It must be so conducted that it truly benefits society and betters the conditions under which men live. Its purpose is, not merely to furnish the necessary supply of food and other necessities, but also to aid in the moral and spiritual growth of man. It must make men and develop character, for all human activity has this purpose. From this we can immediately infer that the human activity which enters into the production of the necessities of life must be such that it not only does not degrade the human material but proves a truly educative and uplifting influence.

Labor, where man is concerned, is not merely an activity to produce external commodities but is intended by Providence to become a means of personal development. The personal repercussion of productive labor on the individual can-

not be left out of account if the economic order is to fulfill its purpose. Labor which impairs human character, stunts human faculties and results in human degradation, however productive of material effects, contradicts the essential purpose of human existence. Labor of this type cannot be justified morally, for in spite of its economic efficiency it really harms man and injures society. In the long run, economically efficient but physically and morally destructive labor is terribly costly to society. Of such labor Pius XI speaks when he pens the awful indictment expressed in the following passage: "And so bodily labor, which was decreed by Providence for the good of man's body and soul even after original sin, has everywhere been changed into an instrument of strange perversion: for dead matter leaves the factory ennobled and transformed, where men are corrupted and degraded."¹

Economic activity subjectively considered is the activity of a human being, and because of this must, like all human activity, tend to advance physical, moral and spiritual perfection. Industry in the interests of greater productiveness may legitimately wear out its machines, but it may not wear out men because man is a spiritual personality and not merely an instrument of production. At this point the economic process touches on morality and becomes subordinated to the moral law. Industry, therefore, must realize human values, inasmuch as industrial activity must be of such a quality that it truly makes men more perfect physically, morally and spiritually. We are not now considering the rewards of labor (which of course must be such as to make possible for the workingman a genuinely human existence), but labor in itself, which must respect human dignity and human exigencies. Labor, as a consequence, is to be measured not only by material standards of productiveness, but even more by its physical, moral and spiritual effects on human personality.

¹ "Quadragesimo Anno."

When we look upon economic activity in its subjective aspects, we quickly detect its moral connotations, which may not be set aside but call for foremost consideration. When we turn our attention to industry in its objective aspects (that is, when we view the objects and products which it creates), we again are confronted by moral issues. The products of economic activity are destined for man and human society. Their nature accordingly must be determined by true human needs. The production of harmful commodities, therefore, is patently wrong. Moreover, since industry is actually a social function, it must serve society as a whole and not only a part of society. From this we deduce the necessary corollary that the production of luxuries cannot be morally justified when this is incompatible with the satisfaction of the needs of all. The human element is absolutely inseparable from industry and economic activity. Industry must revolve around man. To fit into the moral scheme of life industry must be anthropocentric.

If we define economics as the science of wealth, this definition may be satisfactory as long as we keep in mind that this wealth is for man and society, because this qualification immediately lifts the concept of wealth into the moral realm. The one important thing is to make man central in the economic system, and his nature, taken in its integrity, the criterion by which the value of economic activities is to be gauged. Wealth in this sense is wealth of a very definite kind, namely, wealth which really serves man and society; hence, it is wealth required by the moral order, for as soon as we introduce man we are compelled to apply moral evaluations and to make moral appraisals.

It is not even necessary to make man appear in the definition of economics, provided the concept of man dominates the background of our thought and thus implicitly enters into our description. Father Valère Fallon, S.J., follows this line of argument when he defines economy without direct

and explicit reference to man. In his mind economics is teleological, and man is the end of all economic activity, though the fact is not explicitly mentioned. Thus, Father Fallon gives us this definition: "Social economy is the science which treats of the general laws governing production, distribution, exchange and consumption of goods in their relation to the social order."

He defends what to some might seem a totally inadequate and misleading notion in a note which he adds for the sake of greater clarification. The note we quote in full, because it happily shows how the immediate ends of economic activity have a relative independence without, however, for that reason being dissociated from the larger and more inclusive purposes of human life. "Many authors," he writes, "criticize the definition we have just given by saying that it draws attention from the true object of economic science, which is man, human wants, human activity, to concentrate it on objects foreign to man, which, according to them, are but means to provide for his wants. The fear of these authors is eminently respectable and we share it. The reaction against the tendency of certain classic economists who seem to make wealth an end and to subordinate man to the production of goods is, however, to cause the former to subordinate wealth to man and to insist upon the human character of economic questions. Their definition is none the less faulty. The study of man, of his needs, his desires, springs, properly speaking, from psychology and ethics. The real object of economics is not man and his needs, but the means of satisfying these needs. The aim of economics is not man's activity, for among the means of providing for the needs of man there are others besides the activities of man, namely, natural resources and capital. The subordination of wealth to man and the human character of economic questions are noted in our definition by the term 'goods,' which signifies material things in their relation to the needs of man, and by the terms

production, distribution, exchange, consumption, which indicate phenomena into each of which man enters. In fact, we have added 'in their relation to the social order' to indicate the dependence of economic affairs on more general and higher aims, as well as to assert our care for the economic-social problems."² We have no quarrel with this manner of presentation; in fact, it coincides with our own, for we concede to economic activity a sphere within which it is governed by its own laws and free from direct moral control. Economic activity by reduction to higher purposes becomes subordinated to moral ends, but this reduction is essential wherever human activity is involved and wherever commodities for human use are concerned.

In a way it is well to make this clear, because economics cannot be converted into a pious treatise or a religious tract. Questions of technical organization cannot be directly settled by an appeal to the Decalogue. Wisely the Papal Encyclicals eschew problems of a technical nature, and leave these to the expert in economic matters. To efface the lines of separation between the various departments of life and the different human sciences leads only to confusion. We do oppose, however, every attempt to make economy a closed system that merely follows its own laws and refuses to be subordinated both to the moral law and the welfare of society.

To realize that economic activity has laws of its own, also prevents us from being deceived by utopian schemes of economic and social reform. Thus, those who advocate the nationalization of productive capital show a woeful ignorance of the process of production. If production is to be carried on, productive capital must be husbanded, conserved and increased; common ownership is notoriously wasteful; only one who is unfamiliar with practical business realities can pin his faith on such an unreliable thing. There are the ideal-

² "Principles of Social Economy" (New York City).

ists who tell us that the profit motive must be abolished, and the more inspiring motive of service substituted for it. This sounds fine to those that know nothing about economic man, who, though not a self-existent entity, has actual reality in everyone of us. Hence, separate things must be kept asunder and economy given that independence to which it is entitled. Directly economic activity deals with things, but it deals with things in relation to man and society. Wherever this human relation enters, there also arises a moral problem.

CHRIST AND INDUSTRY

The industrial problem presents two aspects, the economic or technical form and the ethical spirit. Since, with regard to the first, industry is subject to its own laws, we do not expect to derive any information on this point from Christ. He accepts the economic situation of His days. He even bestows a measure of approval on the existing order by freely using its phenomena to illustrate spiritual truths. No industrial arrangement considered merely as such need be irretrievably bad, the question in its regard being whether it works economically and serves its immediate purpose. So, Christ says nothing about the economic system of His times. His tacit approval is found in the fact that it can serve Him as the vehicle of spiritual illustration. It was not His intention to offer to the world an economic pattern valid for all times. Still, if the internal technical organization of industry in itself presented a moral issue, the Gospel could not evade this point. The silence of the Gospel in this respect confirms the contention that industry within limits enjoys a degree of autonomy. The wage system as a technical detail of industrial organization remains a purely economic question which has to be judged by its economic effects on society. If it works well within its own scope, it constitutes a good economic arrangement. The wage system as a human relation

immediately touches on moral ground. But the wage system is at one and the same time an economic arrangement and a human relation. Thus we see that morality is not merely superimposed on industry but enters into its very essence. In this manner the necessary distinction between the moral and the economic order is preserved without any impairment of their close union and intimate relationship.

We avoid a double inconvenience by this theory. First, we are not deceived by those who make moral reform contingent on industrial arrangement. That is the teaching of economic determinism, which inevitably culminates in communism. According to the tenets of this materialistic creed, ethical laws are the outcome of the economic order and the economic life is the sum-total of human life; the economic order is the social order. Grave errors, therefore, spring from the initial confusion of economics and ethics. From these errors we escape by the distinction we have emphasized.

The second pitfall we avoid is that of unwarranted rationalization. Rationalization or wish-thinking has become very common in our days. Unless we respect the relative independence of the economic order, we shall be tempted to inject into it the fond wishes of our heart and to construct it after the beautiful fancies of our desires without regard for the stern realities of existence. Economics has suffered much from such wish-thinking, and as a result has become the playground of fantastic theorists who presume to speak with authority on intricate economic questions with no other qualification but that of good will. Of these Mr. Walter Rauschenbusch remarks with some asperity: "There are preachers who undertake to discuss the largest social questions with the air of a specialist and the knowledge of a tyro."³

Dr. Edwin R. A. Seligman also deplores the prevalence of rationalization in economics: "Economics deals with so-

³ "Christianity and the Social Crisis" (Macmillan).

cial phenomena centering about the provision for the material needs of the individual and of organized groups. . . . To make this definition more specific would be to enter at once into the realm of controversy, to engage in a battle of words, in which slightly different nuances of definition disguise radical differences in approach and emphasis in the study of the subject. Economics, which has long been and will perhaps ever continue to be the battleground of rationalizations for group and class interests, has suffered more than any other discipline from the malaise of polemics about definition and method. . . . The modern student regards these controversies, not as dispassionate attempts to attain by logical means to eternal verities, but as reflections in one field of changes in *Zeitgeist* and of shifts in the class structure of economic society. He is more frankly concerned with specific problems suggested by the thousand and one maladjustments in the functioning of the economic system; and he endeavors to bring his intelligence to bear upon their solution without concerning himself with the question whether the problems are purely economic in character or whether the procedure employed is in line with the approved methodology of economics. For his purposes the broad definition of economics given above should be entirely adequate; it indicates that economics is a social scientific discipline, and that it is concerned with the relations of man to man arising out of processes directed to the satisfaction of material needs.”⁴

Wealth is the object of economic endeavor. The chief economic concern is to produce this wealth with the greatest efficiency, the least outlay and the smallest waste. This principle of economy is vital in a world which, though rich in resources, is not inclined to open its stores to man unless he applies the key of arduous labor and keen ingenuity. Well says Dr. John F. Cronin, S.S.: “Economics deals with the age-

⁴“The Encyclopedia of the Social Sciences” (Macmillan).

old reality of man's struggle to live in an inhospitable world. From the day when it was pronounced 'In the sweat of thy brow thou shalt eat thy bread,' the effort to secure the physical necessities of life has been a major concern of mankind. History has been profoundly influenced by this fact."⁵ The success of an individual enterprise as well as that of the whole national scheme of production depends on the right application of the principle of economy. It is for that reason that the Gospel extols the natural virtues of diligence, honest labor, resourcefulness and thrift.

But even this fundamental law does not possess absolute character, because the entire department of economic endeavor must be fitted into the total scheme of human and social life. The higher ethical law which dominates economic activity and serves as a corrective to the purely economic laws may be formulated in the following manner: "The economic subject or agent may not seek the economic objects, material goods and services, as ends and values supreme in themselves and in their own right, but only as means, which in some manner contribute to the rational purpose of preserving and improving human existence and serve genuinely human interests."⁶ The basic orientation of industry, therefore, must be human. Industry realizes human values through economic values, which latter by their subordination to ulterior ends are divested of their supremacy and surrounded by restrictions that safeguard the real purpose of human life and society. When viewed in the light of these philosophical principles, economics takes on a new complexion. If we work out this theory in detail and in its practical applications, we shall be able to build up an economic system which in the social scheme occupies an honored place and serves the best interests of man and society.

⁵ "Economics and Society" (Baltimore, Md.).

⁶ "Das Arbeitsethos der Kirche." By Dr. Johannes Haessle (Freiburg im Breisgau).

What we assert here is nothing else than the old Christian doctrine of the unity of life. In the Catholic world-view no field of human activity is purely secular and unrelated to eternity and God. Secularism is the evil shadow that has fallen on economics, and under this unholy blight industry has grown into an unweeded garden full of noxious plants. "Catholic doctrine," says Professor Amintore Fanfani, "does not divide practical life into water-tight compartments. The idea of God and the idea of man, who is conceived as a creature struggling to attain the prize of eternal happiness, penetrate all others. . . . Such a conception leaves no room for indifferent actions. In a world so conceived, there is no greater end than that of final beatitude, which is therefore the only ultimate end. And thus, if the spiritual progress of the individual is not to be impeded, there is no end but finds place in a hierarchical order, in which every end, however noble, is a middle term, and by this very fact cannot be attained by acts or means that are not at the same time acts or means for the attainment of the ultimate and supreme end. Man rises from earth to heaven by a stair at the head of which stands eternal beatitude. At certain distances there are intermediate stages to be reached in the ascent. Every step is a step nearer to the proximate stage, but also to the final one of all. . . . The moral necessity of attaining the ultimate end circumscribes human action in the domestic, the political, the economic, and the purely religious spheres. More exactly, we might say that such a conception transforms all activity into moral activity, and every act into a religious act."⁷ The restoration of the Christian conception of the unity of life will result in the redemption, the moralization and the humanization of industry.

By proclaiming this unity of life the teachings of Christ had an enormous influence on industry, though they carefully refrain from sanctioning any concrete economic order.

⁷ "Catholicism, Protestantism and Capitalism" (Sheed & Ward).

Thus Professor Francis Greenwood Peabody writes: "No specific form of industrial arrangement can fairly claim to reproduce a design prescribed by Him. Yet it by no means follows from this conclusion that the teaching of Jesus has no bearing on modern industrial life. On the contrary, when one recalls the social principles of the Gospel, they are at once seen to involve decisions concerning many economic schemes of the present. Jesus, in the first place, surveys industrial life, as He does all other human interests, from above, as a means to that spiritual education of the race which is to have its end in God's kingdom. The world of business affairs is to Jesus not an isolated sphere of human activity, for it lies within the large horizon of His spiritual purpose."⁸

DEPERSONALIZATION OF INDUSTRY

In one of his books the late lamented Chesterton makes the paradoxical but profoundly just remark that "when things go very wrong, we need an unpractical man."⁹ This is his unconventional way of saying that, when really serious disorders arise about anything, we have to go back to the philosophy of the thing and inquire into its nature and purpose. That situation has come about with regard to the economic order, which at the moment functions so poorly that it may be said not to work at all. The machinery of production has come to a standstill, and all efforts to prime it have met with but very indifferent success. The economic expert, who looks upon himself as a very practical man, with his theories of mass-production, economy of effort and efficiency, is at his wits' end. Surely, there is no use in speaking of cheaper and more effective methods of production if there is no demand for the product. At this point the social philosopher, for whom the practical economist in the days of prosperity had only contempt, must enter and clear up certain fundamental

⁸ "Jesus Christ and the Social Question" (New York City).

⁹ "What's Wrong with the World?" (New York City).

questions before the economic process can again be started. It is no longer a question of the efficiency of production but of the purpose of production. Practice is concerned only with means, but philosophy investigates ends.

The old economic theory held that the aim of the economic process is to create wealth. True, wealth has been created, but unlike the music it does not "go round and round." It is a static wealth, which on account of its immobility results in industrial stagnation. The solution of the difficulty accordingly cannot lie in the production of more wealth of the same type but rather in the creation of fluid wealth—that is, a wealth which is absorbed, and hence must be continually renewed, thus keeping the wheels of industry going. We advance a step further and state that wealth, if it is to have any sense at all and if it is to keep industry in motion, must be wealth for use and consumption. As we have gone over this ground before, we now merely summarize the argument by repeating that wealth for use is wealth in relation to man and society. To maintain the right balance between production and consumption and to enable consumption to keep pace with production, it is essential that the various factors entering into the creation of wealth acquire by their productive activities and services claims to share in the ultimate product to such an extent that the created wealth will really be consumed. If this is accomplished, the economic process will actually be self-perpetuating. Social wealth, in other words, must be self-distributory. Such self-distribution will not, as experience has amply demonstrated, be effected automatically, but must be brought about by ethical regulation.

Unless the national wealth is consumed by its producers (and we take producer in that comprehensive sense which embraces all those who render some valuable social service), it becomes a useless thing that encumbers the earth and reacts unfavorably on economic life. Unused and accumulated na-

tional wealth is not only futile, but furthermore clogs the whole economic machinery. Here we have the salient point which the old economical theory persistently overlooked, since it failed to inquire into the purpose of wealth, which is to serve the needs of man and society. Purposive production is motivated by the desire to supply in an adequate manner the wants of society and to create the conditions of its own uninterrupted functioning by maintaining a widely diffused purchasing power in the community. That brings us back to the pivotal but now almost forgotten doctrine that man is the aim and measure of all economic activity. Sane economics will insist on the human and personal character of industry, for when this factor is left out of consideration production loses all meaning and is deprived of every principle of regulation; it is carried on blindly without a definite plan, and becomes as the facts have proved utterly chaotic and self-destructive.

Surveying the hopeless impasse into which modern industry has maneuvered itself, the unpractical man of Chesterton would say: "You have thought of things, and you have forgotten man for whom in reason the things ought to be. You have goods on your hands which you do not want, and which others who need and want them cannot buy because you so managed affairs that they were left without ability to purchase. Your goods will melt away and perish, and you will not be richer. Well, then, produce a living, self-perpetuating wealth which will renew the riches of the rich and ensure well-being for all. This you do if you adapt production to needs, so that there will always be demand and a steady flow of goods, and if you arrange matters in such a way that the consumer really has the means to acquire the goods which he needs and which you wish to dispose of, lest further production become unprofitable. This is not magic but plain sense. It is moreover justice and morality. If reduced to practice, it will result in an even and steady

development of industry, and will benefit all concerned." The unpractical philosopher is right, and we shall see how the scheme can be carried out in practice.

If the depersonalization of industry and business must be made responsible for all our economic woes and ills, then the remedy for our troubles will naturally lie in a consistent personalization of our economic system and of all economic relations. To the concrete details of this reconstruction we will now address ourselves.

THE NORM OF HUMAN WANTS

Need is the incentive which leads to economic activity. The needs of man are manifold and complex, and their satisfaction requires versatile and sustained effort. Legitimately these needs may be expanded and refined, thus producing civilization and culture. If man were content with a crude and primitive satisfaction of his bodily needs, he would never get beyond the stage of the barbarian and would degenerate in idleness. Withal, human needs must always remain under the supreme control of the spirit and be regulated by right reason. The inordinate stimulation of artificial wants and their satisfaction for the mere sake of profit become a source of decadence and at the same time a cause of social injustice. Where the resourcefulness of reason only ministers to the senses, man, as Goethe remarks, becomes more brutish than the brute itself. The nature and quality of the goods produced must be determined by their destination for human use. The commercial interest must yield to the higher spiritual point of view, or otherwise industry will turn into a corrupter of man.

THE SUBJECT OF INDUSTRIAL ACTIVITY

Man as an individual and person is the subject of economic activity. Activity cannot be detached from the agent. No human activity can or may be depersonalized, and hence man

can never become for others a mere instrument and means. Labor is under no circumstances a commodity, but always an intimately personal thing. In this connection Wilhelm Lexis says appropriately: "Human activity even in the form of pure manual labor always rises above mechanical performance and is the outcome of a being whose personal nature and peculiar dignity must never be forgotten. Machines are only the means of increasing the productivity of the labor of those who serve and supervise them."¹⁰ This consideration opens up fruitful perspectives.

The division and specialization of labor should never reach that point where they stultify man and leave him only a trivial operation which makes no appeal to his human faculties and reduces him to the status of an animated machine. This overspecialization resulting from our present-day mass production has been inspired solely by the desire for profit. It is not in the interest of the product nor the benefit of man and society. Specialization, drudgery and unpleasant occupations cannot entirely be eliminated, but they can be relieved by proper diversification. It is not becoming that any man should be so entirely restricted to one manipulation that he is thereby unfitted for any other occupation. It is of this type of labor that Pius XI writes with scathing condemnation: "And so bodily labor, which was decreed by Providence for the good of man's body and soul even after original sin, has everywhere been changed into an instrument of strange perversion: for dead matter leaves the factory ennobled and transformed, where men are corrupted and degraded."¹¹ Dehumanization of labor with its inevitable degrading influences appears when the vital fact that the industrial worker is a human personality that cannot be cut into two halves—one a working machine and one a spiritual entity—is forgotten.¹²

¹⁰ "Allgemeine Volkswirtschaftslehre" (Leipzig).

¹¹ "Quadragesimo Anno."

¹² Cf. L. P. Jacks, "The Vicious Circle of Mass Production," in *The Hibbert Journal* (July, 1924).

Efficiency is an important law of industry, but when it comes to man this law must be tempered by due regard for his human dignity. The productive ability is not to be exploited to the detriment of his higher moral and spiritual interests. Human efficiency has limits which must be respected. This is a moral duty, but it is also socially advantageous. The broken machine can simply be discarded, but the human derelict becomes a charge on the community. Not to wear him out before his time and to keep him self-supporting as long as possible, is not only ordinary humaneness but likewise economic wisdom.

Since labor is a personal activity, and since the rational agent is the end of his own activity, labor must first of all be referred to the worker. By divine ordinance labor has the inherent purpose of supplying the worker with what he needs for his sustenance. Labor, as a consequence, cannot be detached from the person nor sold without reference to its essential purpose. Under all circumstances it must primarily support the worker. The exploitation of labor, therefore, always is a crime against a person.

We can approach the same subject in another way. In a simple economic order the personal relation between labor and the individual is quite obvious. The man who owns a small plot of ground plants it for himself. He produces for his own needs. In our complex economic system this personal relation becomes somewhat obscured. The man who works in a shoe factory, and finishes a dozen or more shoes a day, patently does not produce these shoes for himself. Still his work is self-regarding. As his whole productive capacity is exhausted in the manufacture of shoes, it follows that by this very work he must be enabled to live decently. Whatever full-time work a man performs, must put him in a condition to secure that amount of exchangeable goods or money which is necessary to enable him to live.

Man is the subject of industrial activity also as a social

being, a member in a community. This fact is a great advantage to man, because in cooperation with others his own productivity is enormously enhanced. From these premises we deduce two corollaries. The first is that any worker may expect to live better in society than if he worked in isolation. Social productiveness naturally must benefit every member of the community. Its fruits may not be appropriated by any class, because they are the result of social organization. It also follows that, as soon as this complex economic situation arises, social regulation of industrial activity becomes imperative lest the advantages of social productiveness redound exclusively to the benefit of the few. Custom may suffice to regulate adequately and fairly industrial relations in primitive conditions, particularly since in that case man deals immediately with man; but when the economic system becomes complicated and when man-to-man relation is no longer apparent, legislation is necessary to bring order and justice into the complex structure.

In society labor assumes the character of a social service. Its purpose is no longer merely to minister to individual needs but also to cater to the needs of society in general. This fact imposes on society the duty to exercise proper vigilance so that everyone receives a just and fair reward for the services he renders.

There is another aspect to the social character of industrial activity which we must understand to realize the full absurdity of liberalistic individualism in the domain of industry. Industry is socially conditioned to such an extent that individual endeavor is completely dwarfed. The individual contribution, whatever it may be, is practically insignificant, and is lost and merged in the common work like a drop in the ocean.

Aptly Father Antonin Gilbert Sertillanges, O.P., writes: "Is our labor not dependent on and helped by the material, intellectual and moral conditions which are em-

bodied in our social environment, and which in turn represent the crystallization of the myriad efforts of men of the present and past generations? . . . Our labor is far more the labor of others and of all than our own. Our own labor dwindles to insignificant proportions when compared to the immense amount of previous labor by which present-day production is made possible. Society is responsible for 90%, if not more, of the productiveness of our individual activity, and hence it seems reasonable and just that it should have something to say relative to the disposition of this sur-value which it adds." ¹³

We can apply this line of thought to capital and the machine. The machine is the outcome of the intellectual and manual labor of many; in fact, it may well be looked upon as a social product. It would be utterly absurd if the owner of the machine claimed for himself the superior productiveness of mechanical devices which have been made possible only by the concerted efforts of many and on the basis of social cooperation. Accordingly, the fruits of increased productiveness of human labor in our days belong to all the members of society, which is the chief cause of higher industrial efficiency. Everyone of us is too much beholden to society to demand for himself the entire product of his activity; he must share it with his fellow-men and society for the simple and cogent reason that there is a part in this product which is not due to himself but to social and combined effort.

This demand has nothing socialistic or communistic in it, but constitutes merely the expression of the actual and undeniable dependence of the individual on his fellow-men and the social body. It is fully in accord with what has been called Christian solidarism. The same may be said with regard to large accumulations of capital, which like a mighty stream have been achieved by the combination of contri-

¹³ "Socialisme et Christianisme" (Paris).

butions coming from numerous sources. The machine as well as capital, therefore, are a social inheritance to which all have contributed and by which all must benefit. Though privately owned and as yet managed and controlled exclusively by the owners, they must be administered in a manner beneficial to society. In the light of history irresponsible individualism in industry is the most absurd thing conceivable, and the selfish exploitation of the factory, most emphatically a social creation and a social institution and a social opportunity rooted in the past and embedded in social soil, is an intolerable abuse.

The employer-employee relation implies a subordination of the latter to the former, but this subordination is not that of a tool to a person but of one person to another. Employer and employee cooperate in the production of goods on the same personal level; they are united as two human beings aiming at a common objective. On this subject we can appropriately quote Rev. H. Pesch, S.J., who writes: "The laborer working in the service of an employer as a human being stands on the same line as the employer, and together with the latter is the subject of economic activity. As active producer he accepts the direction of the employer, without however either forfeiting his own personality or surrendering his own purposes. He serves as a man who subordinates himself to a man, not as a thing which is subject to the dominion of man."¹⁴ From this fundamental ethical principle, following from the essential nature and dignity of the human person, a number of conclusions relative to joint management of industry can readily be deduced.

ECONOMIC ACTIVITY IS NOT CREATION

Economic activity modifies the products of nature in some manner, and thus renders them available for human use.

¹⁴ "Lehrbuch der Nationalökonomie" (Freiburg).

There is in the final product always something which is not due to human activity, individual or social. Though this is a rather obvious fact, it cuts, if rightly understood, the ground from under Liberalism and Socialism. Both Liberalism and Socialism ascribe to economic activity the quality of creativeness, and derive from this property the absolute character of human property. Liberalism sees in the capitalist the creator of industrial values, and as a consequence makes him the irresponsible lord and master of these things. What man has created, he owns absolutely. Hence, property has no duties attached to it and the owner may use it as he pleases. Socialism, on the other hand, makes social economic activity the exclusive source of economic values. On this hypothesis all wealth belongs to society. The nationalization of property is a necessary conclusion if this false premise is accepted.

As a matter of fact, neither individual nor social activity can be regarded as the creative source of economic goods and values, and hence neither the liberalistic nor the socialistic theories with regard to property can be maintained. Against Liberalism we say that private ownership can never be divorced from all social obligations, and against Socialism we proclaim that society cannot abolish private property. Both Liberalism and Socialism by stressing the creative nature of economic activity have in mind to dispossess God, who is the Creator, and to emancipate property from all moral restrictions. In reality, since God is the Creator, human ownership whether it be individual or social always remains a stewardship, and the goods of this earth must minister to the ends for which God has intended them. The economic order must recognize its dependence on, and fit itself into, the universal order which is governed by the will of God and the laws of morality. Thus, the economic order takes on a different complexion if we introduce the personal point of view.

CHAPTER ELEVEN

THE WORSHIP OF THINGS IN ECONOMIC ORGANIZATION

THE present inquiry into economic morality is taking on proportions which to those who have a preference for short cuts and a liking for speedy results may seem excessive. Theorizing, however, without a thorough and detailed knowledge of the facts to which the moral law is to be applied always involves serious danger. Morality in order to be practical must seek the closest contact with reality. It is useless to construct an ideal and abstract system of ethics and then to make the facts fit into this arbitrary structure. In this manner utopias are born. The fantastic character of many of our modern schemes of social reform is precisely due to inadequate understanding of the nature of man and of economic processes. As the classical economists operated with the so-called economic man, so a number of modern reformers operate with an ideal man. The former is as unreal as the latter, and the conclusions based on either of the two lead to conflicts with reality.

Morality is not a thing to be admired, but something that has to work. Loftiness in the realm of morality is not necessarily a guarantee of correctness and feasibility; otherwise the morality of Kant and Ethical Culture would have to be regarded as both true and practical. But Kantian morality, in spite of its claims to superiority, remains ineffectual because it is not patterned to fit human nature. The misunderstanding of human nature has led to the accusation of mercenariness which is so frequently leveled against the moral

teachings of Christianity. Hence, economic morality presupposes a study of man and of the motives by which he is actuated in all his activity, but particularly in his economic and industrial activity, because man is the subject and chief factor of the economic process. It also calls for a real insight into the economic process itself, because the latter is determined by a number of physical elements over which man has no control, and is limited by material possibilities which must be taken into account and carefully considered if our moral imperatives are to possess practical value.

Nothing remains for us, then, but painstakingly to familiarize ourselves with the material aspects and the technical forms of the economic process and industrial organization before we can venture to construct ethical rules for the regulation of economic activities and industrial relations. Impatience in this case is fraught with dire consequences, because insufficient knowledge is nowhere more likely to cause confusion than in the field of practical endeavor. Again and again we must recall this fact to overzealous reformers who imagine that society can be freed of abuses and injustice overnight by some simple operation like monetary reform, transfer of the instruments of production from private ownership to state ownership or raising of the price level of commodities. In a mechanism a defective part may be removed and replaced by a perfect one, but this simple procedure will not work when we are dealing with an organism in which the health of one part depends on that of all the other parts and the entire structure.

There is one consideration which must invariably guide us in our inquiry, and which we must emphasize in season and out of season. That is the personal angle. The economic problem is essentially a human problem. In a previous chapter it has been shown that our economic ills flow from the depersonalization of the economic order, and that as a consequence reform can come only by an unequivocal reassertion

of its essentially personal and human character. At whatever point we analyse the economic process, we are confronted by the human element. Production and exchange are distinctly human relations. The just price involves a balance of mutual human rights. At the source and at the end of the economic process we find man, for man is at once producer and consumer. Wealth is never an end but always a means.

If this is so, it appears that depersonalization utterly denatures and vitiates the entire economic order and drags it down from the plane of significant moral activity to the level of pure mechanical happening. Depersonalized economics recognizes only physical laws, and physical laws are notoriously indifferent to human values. Even impersonal justice can become a horrible thing. Personalized and humanized justice adapts requirements to human capacity and weakness. We have an instance of impersonal justice in the case of Shylock, who in accord with the letter of the contract insists on his pound of flesh though the carrying out of his demand would lead to the death of the debtor. It is of this impersonal justice, which disregards the human element, that the Romans were wont to say: *Summum jus, summa injuria*. Only the personal point of view can save man from ruthlessness in his economic pursuits and business dealings.

If man habitually deals only with things, he becomes unresponsive to finer human sentiments and is interested merely in the material success of his activities. The manufacturer whose main concern it is to turn out a cheaper product in order to undersell his competitor, becomes unscrupulous with regard to the methods which he uses for the accomplishment of his purpose. He will not hesitate to lower wages to the starvation level and to prolong working hours beyond the limit of human endurance; he will not shrink from employing woman and child labor, though such a proceeding proves destructive of decent family life and ruinous to the growing

generation; he pays little attention to wholesome working conditions in his factory, though the health of his employes is thereby undermined. He stands in the service of a thing, and things are bereft of feeling and ruthless. Something of this impassive character of things communicates itself to him. It is only by such psychological reaction that we can explain the callousness which has invaded the field of industry and business and brought in its wake unbelievable inhumanity.

The greatest depersonalization was reached in our vast industrial corporations, in which individuals counted for nothing and which were entirely dedicated to material objectives. Their soullessness became a byword, which well described the inhuman nature of the methods to which they had recourse in the pursuit of their aims. There is no question here of deliberate cruelty and intended inhumanity, but these insidious influences creep in when the personal relation is obscured. In fact, they spring from an inherently noble trait of man, namely, loyalty—loyalty grotesquely distorted but still loyalty. Business for the business' sake becomes the all-absorbing object of the directors' and the managers' thoughts. The business must flourish, it must expand, it must yield profits. It becomes a fetish, yes, an idol to which everything else must be sacrificed.

We need not be hypocritically shocked at this peculiar psychological attitude of man. Unless extraordinary vigilance is exerted, it will take hold of the soul of the very best of us. It not rarely is found even in connection with charitable undertakings. Occasionally a certain hardness of sentiment is noticed in the heads of charitable institutions; they learn to drive hard bargains, they are extremely exacting in their demands on their employes, they impose long work hours and pay low wages, they can become exceedingly harsh in collecting compensation for services rendered. This in the

name of charity and by people who are basically unselfish and actually dedicated to the ideals of Christian charity!

How can this come about? Simply because the personal relation has been eclipsed and their ideals have become depersonalized. They live for the institution, the hospital, the school, or whatever else it may be. The institution must prosper, it must grow, it must expand to magnificent proportions. It becomes almost an object of worship to which every other consideration must yield, and to which they sacrifice themselves as well as others unstintingly. As a result, they become grasping in their methods and unsympathetic in their general attitudes towards men. By this subtle psychological process charity itself may be denatured and horribly distorted. If devotion to an impersonal thing, which in itself is good and noble, may work such perversion in men and women who are actuated by disinterested motives and inspired by genuine altruism, what is it likely to do in men who are not insensible to the appeal of selfishness? What will happen if besides there enters into the soul that most blinding and devastating of all vices, greed, which can kill in the heart of man the last vestige of humaneness? These two tendencies explain the development of modern industry and finance: progressive depersonalization of the economic relations and the predominance of greed.

Exploitation is not new, but it has taken on a particularly virulent form in our days. True, the slave was inhumanly exploited, yet the master occasionally came into personal contact with him and felt humanely towards him, a fact which somewhat curbed the ruthlessness of the master. But the modern industrialist and financier only have to do with things; they do not behold the agony-distorted face of the overworked employe, the pinched cheeks of undernourished children, and the despair of the debtor who is unable to meet contractual obligations. They live and move in a depersonalized atmosphere. Theirs is a world of things. In a world of

things there is no room for sentiment. In such a world no occasion arises that would spontaneously evoke human feeling or touch sympathetic chords in the heart of man.

This growing tendency towards depersonalization in modern economic life is depicted in the following passage, which is essentially true though perhaps using dark shadows and black colors somewhat freely. It reads: "Our own age has given a peculiar twist to this ancient temptation to inhumanity that has always dogged the relation between master and man. It has depersonalized the master. The redeeming feature of the relation in all its historic forms has been the human contact between the individuals of the two classes. No matter if one man was black and the other white, the one a slave and the other a Virginia gentleman, if the two worked and hunted, laughed and mourned together, their common humanity often got the better of the law and made them friends. Perhaps Satan foresaw that Christianity and democracy if once united would put a new heart into mankind which would no longer tolerate the old oppression. . . . So he invented the corporation. A corporation, as every lawyer knows, is an artificial person, begotten by the Law, a vast being composed of many individuals, with powers both greater and less than the sum of its parts; invisible and without the imbecilities of the body, immortal and yet without a soul. It is not tempted by wine, woman and song like the rest of us, but its whole life is ruled and directed by one desire and passion which is never quenched nor satisfied, the lust for profits. It is created for profit; it gets its life breath, its muscles and thews, its intellect and its size by profit. It has a vast acquisitive mind, but no heart of pity nor bowels of compassion. This uncanny race of incorporeal but corporate persons has begun to multiply among us of late and to grow to unearthly size, towering among us mortals as the skyscraper towers among the plain old homes of our cities. It is doing our work for us with giant hands and doing

it well, but it demands to be fed with profit, and its hunger is insatiable. The corporation, which is fast becoming the agency through which we manage all our large affairs, interposes between the individuals of the owning class and the individuals of the working class in such a way that human kindness and good will get a minimum of influence. . . . Ruskin mockingly called the 'economic man' that did business in the orthodox political economies 'a covetous machine.' The corporation is that thing. It does not smart under public disapprobation like a business man. Like the judge in the parable, it feareth not God and regardeth not man."¹ Pius XI gives us a similar description of the modern corporation and its attendant evils in the Encyclical *Quadragesimo Anno*: "The regulations legally enacted for corporations, with their divided responsibility and limited liability, have given occasion to abominable abuses. The greatly weakened accountability makes little impression, as is evident, upon the conscience. The worst injustices and frauds take place beneath the obscurity of the common name of a corporative firm. Boards of directors proceed in their unconscionable methods even to the violation of their trust in regard to those whose savings they administer."

THE OBJECTIVE END OF ECONOMIC ACTIVITY

The objective purpose of economic activity is to minister to the material wants of society. Since the resources of the earth are limited, economic organization and technical progress seek to accomplish this end in such a manner that all legitimate needs are liberally satisfied with a minimum of outlay and effort. To be truly in accord with morality, industry must produce only such commodities as can rightly be called goods. If it caters to perverted desires or overstimulates the wants of men, it no longer fulfills a legitimate func-

¹ Walter Rauschenbusch, "Christianizing the Social Order" (New York City).

tion. The improvement of living conditions and the raising of the standards of living of the community by the refining and cheapening of the products are not only morally justified but truly commendable. We can take exception to such material improvement only when it remains confined to the few and is not proportionately shared by the masses. Production must observe that hierarchy of values which has its foundation in the requirements of human nature; thus, it must allow the necessities of the many precedence over the luxuries of the few. The cheapness of the product must not be secured by the degradation of the laborer. On the whole, economic activity will prove profitable only when it lives up to its objective purpose, and so industry may be looked upon as a vast machinery of social service.

We can accept in this respect Professor Peabody's general estimate: "In the first place, if we can detach ourselves for a moment from the motives and passions of individuals in business, and observe the organization of business as a whole, considering its total working and results, it is seen to be, not—as is often asserted—a scheme of destructiveness and social piracy, but a vast and complex movement of social service. . . . The creation of new forms of business proceeds, as a rule, not from the desire to rob the community, but from the desire to serve it; and, in the main, the most rewarding forms of business are those which are based on the discernment of real needs and the supplying of real benefits. . . . Indeed, there are many ways in which the moral end of the industrial order is reached through unconscious or even unwilling instruments, as though with a sort of providential irony. Many a man who is involved in business affairs is quite unconscious that he is performing any social service; he may even be attempting to get the better of the social world, or to do it wrong; yet, the principle of service often utilizes the self-interested or rapacious spirit, and makes the wrath of man to praise it, so that an undertaking devised

for the meanest ends is overruled in its intention and contributes finally to the general good.”² Quite so, in an imperfect manner industry will have to fulfill its objective purpose or it would become self-destructive; withal, it can in many ways deviate from its proper moral course and do immeasurable social harm. The principle of social service should not only be objectively inherent in industry, but ought to be subjectively accepted by the producer as his guiding motive. He should never subordinate social usefulness to mere profit, but make sure that his gain is actually the reward of a valuable social service. The wares thrown on the market and blatantly advertised would materially change in character and quality if they were manufactured by men who had a vivid realization of their social responsibility. If manufacturers had even a faint consciousness of their responsibility for the common good and public morality, certain unmentionable articles which serve the most depraved purposes and contribute to juvenile delinquency would completely disappear from the market and could no longer be purchased. The manufacturing industries have a direct and intimate bearing on the physical as well as the moral health of the community; they play an important part in the upbuilding and undermining of civilization; they are linked up with the highest interests of mankind.

To the producers of material goods may aptly be said: “The dignity of man is placed in your hands; you can enoble and you can degrade mankind.” How many producers are there in our days who look beyond the immediate profitability of their business and become aware of their tremendous moral responsibilities? Producers of this high moral type unquestionably are rare. “Who would deny that as a body the producers and manufacturers of today are woefully deficient in any moral sentiment of responsibility for the higher human interests and values, because their almost

² “Jesus Christ and the Social Question” (New York City).

exclusive concern is the profitableness of their enterprise, irrespective of the means and ways by which it is secured?"³ Not only do they manufacture whatever will sell, whether it answers a morally unobjectionable purpose or not, but by an evil propaganda they create an appetite for things which are distinctly harmful and destructive of man's better self. Moreover, in the production of commodities they underpay labor in order to expand their sales. Hence, though industry on the whole fulfills its objective purpose of social service, it is honeycombed with practices that run counter to this essential end and accordingly outrage the moral law.

At this point reform will have to begin. First, producers must realize their responsibility towards society and only produce goods which can truly be called such, and which will benefit man and society. Secondly, society has the right and the duty to prevent irresponsible production, to make the process of production conform to human standards, and to put a stop to the manufacture and sale of harmful commodities. These conclusions follow logically from the objective purpose of economic activity, which is to minister to the needs of man inasmuch as he is a moral being subject to physical wants, and to create for the whole community that state of welfare which Aristotle calls the good life. The whole tenor of production must be determined by its essential relation to human personality and in all respects safeguard human dignity and the social good.

³ Drs. Heinrich Weber and Peter Tischleder, "Handbuch der Sozialethik" (Essen).

INDUSTRY AS A SOCIAL SERVICE

ON its objective side economic activity is motivated by its purpose of ministering to the physical needs of society. This objective, which the Scholastics call the *finis operis*, is inherent in the economic process and for this reason is always realized, though according to the circumstances in a more or less perfect manner. It is this fact which even in the absence of ethical considerations forces industrial production on the whole into socially useful channels, and which in spite of the selfish attitude of individual industrialists converts industry into an institution of social service. Hence, whatever subjective aims may enter into industrial activity, they cannot completely thwart and nullify its basic purpose, for to the extent an enterprise or a business ceases to be socially useful it becomes unprofitable. This law, however, holds good only with regard to industry in its general effects on society, whilst in particular instances the conduct of business, if not deliberately directed to its essential purpose of social service, may go wide of the mark and work considerable social and individual harm. That is the reason why economic liberalism, which would leave industry and business entirely to its own inherent tendencies, must be repudiated, for though even in that case by and large the economic movement would automatically result in social good, it would inevitably have many undesirable social byproducts.

The more extended society becomes, and the more complicated the economic life, the more also does it become necessary by proper planning and direction to make sure

that the objective purpose of production is adequately secured. Planned economy must supersede random methods of production, for automatic self-regulation no longer is sufficient. Thus, if waste is to be avoided, demand to be evenly met and supply to flow steadily, society must adjust production to its needs. A very simple society may leave the adjustment of supply and demand to the market and to the inherent forces of the economic process, but when production takes on larger dimensions, when division of labor is introduced and when exchange of products becomes a prominent feature in the economic scheme, the market is unable to fulfill this function, which must then be lifted to the level of rational planning and purposive regulation. This is what we term "production for need."

PRODUCTION FOR PROFIT

Opposed to production for social need is production for profit. The economics for profit make individual gain the actuating motive of productive activity. In such a system the market, and not the need of the community, constitutes the decisive factor. The manufacturer produces commodities which are salable, rather than goods which are needed. He is, above all, a salesman adjusting production to the chances of profitable selling. Naturally, in a scheme of this type selling assumes the greatest importance, and the merchant receives a position of undue prominence. In fact, his position becomes central and everything revolves around him. In the final analysis, he commands production and both the consumer and the producer are subject to his dictates.

Certain advantages of this system are obvious. The gain motive serves as a potent incentive to economic activity. The prospect of gain will stimulate production and lead to a perfecting and cheapening of the products. The desire to increase sales results in mass-production, which in its turn

makes numerous goods, otherwise reserved for the few, accessible to the many. Personal initiative is encouraged to the utmost, and individual resourcefulness can reach its fullest development.

The drawbacks of the system are equally obvious. Since individual profit is the aim of economic activity, neither the quantity nor the quality of production is in any manner regulated with reference to social usefulness and the common good. As a consequence, production may become chaotic, as well as socially harmful.

Things are manufactured in order to sell; now, salability is not necessarily a criterion of social usefulness. All the evils and abuses incidental to the system in question can be logically deduced from its fundamental orientation, which we can summarize in the following words: *it produces merchandise to be sold rather than goods to satisfy wants*. Any wares that will find a market outlet will be produced, whether they benefit the community or not. Salesmanship stands in the highest esteem. To sell a customer goods which he does not need and does not want, is considered a high achievement. By the most clever devices men are tempted into buying things for which they have little or no use, which they cannot really afford, and the purchase of which will compel them to forego what they actually do need. This situation has bred in our days that commercial spirit which vitiates the economic life and knows no scruples.

Advertising, which of course can have a valuable educative function and serve a truly cultural purpose, is almost entirely dominated by the spirit of pure commercialism. It stands in the service of the salesman who is not concerned with ministering to real wants but determined to dispose of his wares at a profit. The resources of psychology have been enlisted in behalf of effective salesmanship. The salesman has developed a technique to which the average man readily succumbs. How many become the victims of a

smooth and persuasive sales-talk! Many have learned to fear the salesman and carefully shun him. High-pressure salesmanship is the natural concomitant of production for profit; the two are inseparable and go hand in hand. Weakness of character is exploited in the interest of increased sales; carefully built-up moral restraints are broken down to remove sales resistance; thrift and economy are belittled and improvidence is encouraged.

A profit regime is bent on selling, and sell it must irrespective of the social harm and the spiritual damage which may be done. The profit motive diverts productive activity from its real purpose, namely, that of creating real goods and satisfying genuine human needs. True, it cannot entirely frustrate this inherent purpose, but there remains ample leeway for misdirected production. In a pure profit system the sound core of honest business, which produces and offers real goods and thus renders genuine service to the community, is surrounded by a fringe of unwholesome business, which exploits the community by foisting upon it bad or inferior commodities or articles which really are not needed.

EXPLOITATION OF BIRTHS, WEDDINGS, AND FUNERALS

There are special occasions in life which are shamelessly and unscrupulously exploited in a commercial way, and made to yield profit that cannot be morally justified on the basis of adequate service. Man instinctively wishes to surround certain moments in his life with a measure of external splendor. Births, weddings, and funerals come under this heading. The temptation to indulge in external display on these occasions is very insidious. The rich set a bad example in this respect, and use these events to flaunt their wealth before the eyes of the world. An unholy and unworthy rivalry has sprung up in this matter, and one seeks to surpass the other in lavish and senseless expenditure. Business has

been quick to seize this opportunity for making profits. Well, as far as the rich are concerned, we are willing to exonerate business of guilt. In their case business merely supplies a demand, and the responsibility lies with the rich who have to settle the matter with their own conscience. At the moment that is not the point which we are trying to bring out.

We are now concerned with business practices by which those who cannot afford it are induced to incur for ostentatious purposes expenses which are beyond their means and will entail want and suffering. To exploit the foibles, the folly and the vanity of the wealthy may be pardonable, but to extract monetary gain from the affections of the poor is certainly a sordid thing. Of course, the poor also wish to mark with proper observance the solemn happenings to which reference has been made. This sentiment is both legitimate and laudable. A proper celebration of the events calls for a certain outlay, which, however, ought to be kept well within the limits of one's means. But we find business men who will shrewdly work on the natural sentiments of the poor to inveigle them into making excessive and ruinous expenses, which later in their calmer moments they will bitterly regret. Now, a conscientious man might ask himself if profit made under such circumstances can be morally justified. Our utterly commercialized business regime fully approves of such methods, for it knows and acknowledges only the supreme law of profit regardless of the manner by which it comes. A sensitized conscience, responsive to Christian teaching, will feel differently, and will be unable to reconcile itself to gain made under such conditions.

Births, weddings, and funerals are events in which various professions are concerned, and in which they have a legitimate commercial interest. On these occasions they render services for which an appropriate compensation is due. The law of profit, however, urges them to exact as high a remuneration as is possible, and not to allow the golden oppor-

tunity to slip by without making the most of it. So it has come, because there are entirely too many who unchristian-like listen to the promptings of greed, that these events in the life of the average man constitute a serious setback, wiping out his savings and not unfrequently heavily mortgaging the future. Small wonder that young couples, struggling along to build up a little home, fear the advent of every new child, since to be ushered into this visible world is an exceedingly costly affair.

In a commercialized atmosphere the natural joys of life are poisoned, because they have come to be associated with intolerable financial burdens entirely disproportionate to the professional services rendered on the occasion. At every step profit exacts its heavy toll and casts its dark shadow over the weary path of human life.

By the same token, the calamities of life are converted into financial disasters and unduly aggravated by the unnecessary expenses with which profit-hungry business saddles them. Give an undertaker the chance, and he will run up a bill that will absorb the last available penny. The business has so cleverly worked up public opinion that even the poorest families would feel ashamed to give the deceased members a plain and unostentatious funeral. They will rather go without food than do without certain incidentals which they are made to regard as indispensable, and which in the bill are set down at a high figure though their actual cost is trivial. All this in the name of profit! If high-powered, profit-seeking salesmanship is repulsive everywhere, it is particularly offensive when the shadow of death has descended upon a household, and overwhelming sorrow has produced a mood of indifference to business matters and broken down all sales resistance. That a respectable profession will habitually take advantage of such a situation, indicates how far we have drifted in the direction of unadulterated commercialism, and how dulled the modern business conscience has

become. Where profit is involved, self-respect and common decency are overridden and pushed into the background.

By way of illustration let us take a concrete case which is by no means exceptional, and which will reveal the whole meanness of the profit mentality. A poor woman loses her husband and wishes to give him a becoming but simple and inexpensive funeral—which in her circumstances is the only sensible thing to do, since the illness of the deceased has left very little of their savings, and the insurance to be paid is pitifully small. But her plans will be upset. It becomes known that she is in possession of a little money, and now no rest is given her until her last penny is spent on the gaudy display which she has been made to understand is due to the memory of her departed husband, and which she could not dare to refuse without incurring permanent disgrace. Thus wrought upon, she gives her consent to every item suggested until the persuasive salesman has assured himself that the well has run dry. It might be objected that there is nothing improper in such a procedure, and that the woman was free to reject the accessories proposed and to hold on to her money. This is only partially true, for her state of mind has rendered her incapable of clear thinking and very suggestible; a well-meaning man would have dissuaded her from making such silly purchases, even if as a consequence his profits had been diminished.

There are others who use the misfortunes of man for selfish gain. We mention only the corporation lawyer who gets his firm out of paying compensation for an accident; the claim agent who by threats and cajolery prevails on an injured person to renounce his claim for an insufficient out-of-court settlement; the inheritance lawyer who pockets exorbitant fees for settling an estate; the realtor who tricks his clients by dummy sales; the accident lawyer who retains for himself the lion's share of the award made to his client; the business man who, engaging in hazardous deals, is care-

ful to deed over his property to his wife. There are many of this ilk, all worshippers at the altar of profit. These are the minor offenders, and they are to be found in all professions and in every type of business. When we survey the host of those who prey on the misfortunes of man for the sake of gain, we are reminded of the word of Our Lord: "Wheresoever the body shall be, thither the eagles also will be gathered together."¹ Only for "eagles" we would prefer to substitute "vultures." The profit motive has gangrened business from top to bottom, infecting the great and the small in varying degrees. Our denunciations usually are leveled at the mighty evil-doers, and we overlook the petty "chiseler" who infests every walk of life.

Industry, business and commerce should be social service, and usually are; but the unholy desire for profit converts them into means for selfish enrichment. Unquestionably, the profit motive has a valid function in economic life, but in a purely acquisitive system it becomes exaggerated and distorted and the source of numerous abuses. When properly subordinated to the motive of service, it plays an important and valuable part in economic dynamics. A pure profit economy is identical with the glorification of selfishness, and, whereas self-love is both morally unobjectionable and a powerful stimulus to activity, selfishness, which is inordinate self-love, stands morally condemned and transforms the natural human instinct of acquisitiveness into the vice of greed. As a consequence, it may be stated that the organization of production according to the principle of profit possesses certain excellent features, and makes for remarkable material and technical development, but at the same time subjects human nature to almost irresistible temptations and fosters qualities which result in social harm and defeat, for large sections of the community, the very purpose of economic activity. Fortunately, an unmitigated profit system

¹ Luke, xvii. 37.

cannot exist, as it would utterly wreck human society; but the actually prevailing order, in which the gain motive holds wellnigh absolute sway, has gone too far in that direction.

PRODUCTION REGULATED BY SOCIAL NEEDS

By way of contrast we will now set forth the salient characteristics of an industrial scheme constructed after the pattern of social service. The regulating principle of such a system would be to supply amply the needs of the community. This principle would not only in an implicit manner inspire economic activity, as is also the case in the profit system, but would become the formative dynamic element determining the entire structure of the industrial order and directing all productive processes immediately to the final purpose of supplying the collective needs of the national household.² Commodities would be manufactured for use and not for sale. The manufacturer would cease to be an independent producer and become a social functionary who would have his task assigned to him. There would be no random and haphazard production, and waste would be eliminated. Only such goods as are really needed would be produced and only in the quantity required. Misdirected production could be entirely stopped and overproduction avoided, because production would be completely subordinated to social consumption.

In theory, such a system would have undisputed advantages. It strongly appeals to reason and common sense, for what is more reasonable and sensible than that production be regulated by its ultimate purpose, consumption, and not be left to the fluctuations of the market which, if at all, only imperfectly reflects the real wants of the community and but too frequently stands in the service of depraved consumption and misguided demand? In practice, however,

² "Handbuch der Sozialethik." By Dr. Heinrich Weber and Dr. Peter Tischleder (Essen).

serious difficulties are attached to a system of this kind. It is moreover fraught with great danger.

The actual attempts at social reconstruction on this basis which have been made in our times will give us pause and tend to chill our first fervor and enthusiasm. These attempts are either in the direction of communism or state regulation of industry. Nevertheless, this fact does not necessarily discredit the idea, but merely indicates that in carrying it out caution and circumspection are desirable. The perils connected with this system are inherent in its nature, as we will presently see.

The first problem confronting us is that of determining what the community needs, since the public wants are not to become articulate and vocal through demand. The question is one both of quantity and quality. That this is a thorny problem goes without saying. The next step presents even greater difficulties and possibilities of abuse, for if production is to be adjusted to the needs of public consumption, it must be regulated and controlled in the strictest and most rigid manner. Drastic regimentation and closest supervision of all branches of industry would be imperative. After this comes the vital question of the distribution of the supply. On what basis is this distribution to be effected? This is the crucial point which has proved a stumbling block to all socialistic and communistic systems, because they cannot get over it without either reducing themselves to absurdity or belying their basic principles.

At all events, it is apparent that such a system could not work without setting up an exceedingly complicated bureaucratic administration, centralizing the economic life of the nation, and resorting to a widespread and continual use of coercion.

TWO TYPES OF ECONOMIC ORGANIZATION

IN society economic activity may be directed primarily either to the satisfaction of social needs or to the acquisition of private gain. As the one or the other motive predominates (for neither of them can ever attain to an exclusive and absolute sway), we have a different pattern of economic organization. If social need is chiefly and predominantly stressed, we have a system of economic service such as obtained in the Middle Ages under the influence of Christian moral teaching; if, on the contrary, the profit motive is the dominating factor in economic life, we have a system of unregulated production and unrestricted competition as it has grown up in our days as the result of liberal economic doctrines. It is the special privilege of man by reflection to discover the most effective means to attain his ends and by deliberate action to build up these means into an orderly system. This naturally will also be his attitude towards the phenomena of the economic life. Here likewise the manifold forces at work will have to be organized in such a manner that they realize the ends for which they are intended. That is the problem of appropriate economic organization.

Hence, we put to ourselves the question which of the two systems—that governed by the idea of service or that inspired by the profit motive—is best calculated to serve the purpose of supplying both the community and the individual with what is required for the good life and the progress of civilization. The answer is not quite so simple as it would

seem to those who take a one-sided view of the situation, for there are many factors to be considered and many ends to be accomplished. If the economic process had no other aim than to satisfy the material wants of society, the solution of our problem would present no difficulties; but the economic process possesses also a personal and moral aspect which decidedly complicates the subject. Economic activity exists, apart from its material aims, likewise for the purpose of moral development and human advancement. It has to fulfill within society a highly important educational function which is of no less importance than its purely material purpose. Man's economic activity is not merely the means by which he acquires the food necessary to sustain his physical life, but also a determining factor in his spiritual and moral growth. All social as well as individual activity must tend towards one great end, and that is the production of personality, the upbuilding of character, the making of men. This personal and moral phase of human labor and endeavor has always been duly emphasized by Christian philosophy, and its neglect would lead to cultural impoverishment and human deterioration.

In this connection we quote a pertinent passage from Professor Peabody which sheds light on the twofold aspect of economic activity: "Not those regions of the earth where nature has been kindest and labor least compulsory have been economically most prosperous, but those which, by extorting struggle, have developed manhood. Not the sunny slopes of Italy and Spain, or the incredible fertility of Egypt, or the spontaneous harvests of the tropics, have been the guarantees of industrial prosperity, but the incessant battle of Holland with the sea, and of Germany with superior enemies on every side, and the insular necessities of Great Britain, and the rugged soil of New England. 'What do you raise here,' asked a traveler in the land of the Pilgrims, 'from this sand and these rocks?' And the answer was: 'We raise

men.'"¹ Similar to this reply is the comment of *The Spectator*, April 8, 1899, on the resolutions of the Socialist Program condemning competition: "The competitive struggle has many drawbacks, but at least it produces men, and it is men we want to make, and not great associations of consumers of food."

Each of the systems in question has advantages to offer, and each of them has essential drawbacks. Our concern will be to find a higher synthesis in which the advantages of both will be combined, as far as this is humanly possible, and from which on the other hand the respective disadvantages will be removed. We are confronted by the necessity of balancing forces which in themselves are good, but which have a tendency of running to excess and thus defeating the purpose for which they exist. Harmonization is always a more difficult task than mere elimination. Still, it is the aim to which sane social and economic reconstruction must set itself. To be able to do this, we must study both systems carefully in order to detect their desirable features. Having discovered them, we shall try to disengage them from the evil with which they are associated and embody them in a new system which secures their proper operation and prevents abuse.

PRODUCTION FOR SOCIAL NEED

Since economic activity by its internal destination is social, production for need exhibits certain *prima facie* advantages which would recommend it to the moralist. It contains within itself a better guarantee that the essential purpose of production will actually be secured, and at the same time provides more effectual safeguards against moral abuse. Morally speaking, it is patently superior because it gives a central position to an altruistic trait and avoids the undue

¹ "Jesus Christ and the Social Question" (New York City).

stimulation of the selfish sentiments. In fact, it is based on the innate social tendencies in man and leaves scant room and opportunity for the display and development of egoistic instincts. Whereas the present system offers too great a stimulus to economic activity and the pursuit of wealth, it would substitute a less intensely stimulating motive which could not arouse cupidity and greed in the measure in which they exist in our days. One of its main policies would be the restriction of competition. As it is unrestrained competition which may be regarded as the most prolific source of our economic ills and wrongs, the beneficent effects of such a regime are apparent.

Many unwholesome business practices, which in the present scheme have acquired an external show of respectability, would not be tolerated but would be removed either by law or custom and popular disapproval. It would be made difficult, if not impossible, for one business to encroach on the sphere of activity of the other and to draw away its customers; advertising of wares would disappear and the artificial stimulation of sales would not be permitted; the demoralizing practice of underselling would cease, because the established prices would have to be rigidly maintained; since there would be no prospect of invading the business territory of another concern and thus increasing the volume of sales, overexpansion would be unprofitable and useless; with the level of prices the standard quality of commodities would be upheld.

If these measures appear to us as restrictive, it should, however, not be forgotten that they are also essentially protective. They protect primarily the interests of the public, making sure that the community is properly served in the most economical manner and sufficiently supplied with what it needs at reasonable cost. They constitute likewise a very effectual protection of business, inasmuch as they prevent

every form of dishonest and unfair competition. All in all, they would make for business stability and security.

The conservative business man, whose aim it is to make a decent living and not to amass a vast fortune, would unquestionably welcome a situation of this kind. He would not have to live in deadly fear of ruthless business rivalry, which is bent on undermining the business which he has laboriously and conscientiously built up and on depriving him of his means of a livelihood. As he performs a valuable and recognized social function, the community would surround him with all the safeguards necessary to enable him to continue the unhampered discharge of this task. His best protection would be precisely the identity of his own interests and those of the community, for the community has a real interest in supporting a business enterprise which fulfills a need, whereas it has none in promoting business which is devoted only to private gain and preys both on other business and on the community.

The consumer, in this scheme, instead of being at the mercy of business would be its prime consideration. His needs would be the reason and measure of all production. Business could only be established where it would be truly a service of the community, and useless duplication would cease. Every locality would be provided with adequate business facilities to cater to all needs, but business for exploitation would have no chance. The quality of goods would be fully guaranteed, and the prices would be based on real value and the costs of production, for the medieval theory of the just price means just this, that whilst the purchaser receives full value the producer is sufficiently rewarded for his work. The just price is at once for the benefit of the consumer and the producer. The just price is a social category, and is determined on the basis of social considerations. Maintenance of quality and price redounds to the common good and is

socially beneficial. The slaughtering of prices, though apparently advantageous to the purchaser, in the long run is socially harmful and consequently of no real benefit to the consumer. For all a steady and consistent price level is desirable; where it exists, neither consumer nor producer is defrauded and neither takes unfair advantage of the other.

The special characteristic of an economic system based on service and need is the harmonization of all interests which enter into the complex situation. Where ends are deliberately sought and not merely left to the operation of blind forces, the attainment of these ends is more likely to be effected. Now, that is exactly what takes place in the system which we have described. The principal end of economic activity, that of supplying the wants of society, is made the dominating and determining purpose not only of the economic process as a whole but of all the separate factors contributing to the final outcome. Hence, the whole process in its general orientation as well as in all its details becomes purposive. Personal and subjective ends can be realized only to the extent that they can be fitted into the general scheme of social service.

When service and social usefulness are the law and norm of economic activity, the individual in his business operations and dealings will have to adopt the prevailing point of view and conform to the social requirements unless he wishes to bring on himself drastic social interference. Private pursuits will necessarily have to adjust themselves to the general trend and tenor. Whatever may be the private intention of the individual, the keynote of his activity must be service, and personal ends can only be grafted on the all-inclusive general purpose. Where there is a commanding common end, the logical result will be coordination and simplification of all the activities aiming at this end. Supply, quality and price will be regulated by the same social principle. Exchange

value cannot become the dominating factor of economic enterprise, and the profit motive cannot assert itself to any considerable extent. Producer, salesman, and consumer will be closely bound together in a community of interest. Limitations and restriction, inevitable in a scheme of this type, are imposed for the common good but for that very reason will ultimately result in the benefit of all.

As this order with its balancing curbs and checks presents the most favorable conditions for the realization of the material ends of social production, it likewise is most conducive to the Christianization of the social order. Justice cannot be the outcome of the free play of economic forces. If men are left entirely free to follow the natural bent of their inclinations, the deepest inspiration of their activity will be selfishness. To achieve a moral society, law, control, restraint, regulation, and restriction are indispensable. Hence, only an economic system devised for the realization of a moral end can attain to the level of a moral order.

It is, therefore, not surprising that all those who approach the question of social construction from the moral point of view and with a moral outlook unanimously demand a re-organization of society which stresses the purpose of service and subjects the motive of profit to manifold restrictions. For the simple fact is that the social tendencies of man without external direction and assistance remain ineffectual, whilst the selfish instincts grow into destructive forces unless they are kept under effective social control. It is inconceivable that any moral teacher would glorify and exalt the pure and unadulterated profit motive as a constructive social force capable of achieving the common good or of bringing about even a semblance of economic justice. If accepted at all, it must be regulated, kept within reasonable bounds, and subordinated to ends of an altruistic nature which have a moral value of their own.

ORGANIZATION FOR SERVICE

What this spirit of service will mean if it expresses itself in economic and social life is very attractively described by Dr. Charles A. Ellwood, whom we quote on this subject. "It is our business and industrial life," he writes, "which most needs to be transformed, of course, by the principle of mutual service, for it is this portion of our life which has been most deliberately organized upon the basis of self-interest. Profit rather than service has too often been adopted as the end of business. Consequently, it is in business that we find the most glaring departures from the principle of service. This is not difficult to understand if we stop to remember that only a few generations ago human slavery was still common. The tradition of exploiting human beings in industry for the profit which can be made from their labor is still strong in our business and industrial life. Now, if we could lift business and industry to the plane of mutual service, all purposeful exploiting would disappear at once. Not only would labor cease to be exploited, but capital and labor would cease to combine to exploit the public. Both capital and labor would regard themselves as partners in the common service of the public. They would ask accordingly from the public only just compensation for the service which they render. Neither capital nor labor in a society organized upon the principle of service would think of determining themselves what their compensation should be. They would be willing to leave the determination of both just profits and just wages to the disinterested competent representatives of the public. They would gladly submit to intelligent public regulation; and if the public showed itself unintelligent or selfish in the compensation which it offered, both capital and labor would patiently seek redress through legally constituted methods, much as the individual now seeks redress for other wrongs in legally constituted courts. Just

as ministers, teachers and a few other classes now permit their compensation to be fixed by the public conscience, so would all economic classes under a regime of mutual service. They would, moreover, seek only peaceful means of settling their differences when differences arose. The use of force by one class as against other classes would be out of the question. Service and duties, not rights, either of individuals or classes, would be emphasized. Thus, the whole atmosphere of our business and industrial life, indeed, would be changed.”²

Now, this is without question a delightful picture; in fact, one is tempted to say that it is too good to be true. As the author well states, all this would be tantamount to a change of our entire business and industrial atmosphere. But how can such a radical change of the social climate be effected? True, Christianity is working at this formidable task, but the final consummation is a long way off. Human nature is an exceedingly stubborn thing and not easily transformed.

A society motivated by service does not spontaneously spring into being. To exist, it must have a realistic framework of organization. The spirit is the vivifying principle, but it requires a physical external embodiment for its existence. Organization for service gives material support to the spirit of service and brings it to full fruition. By organization for service we understand a social structure which, on the objective side, enforces the common good and regulates enterprise in such a manner that it will result in the advancement of the public welfare irrespective of the subjective motives from which it emanates. Such a structure can even utilize incentives that belong to a lower level by firmly subordinating them to social ends and by repressing them at the point where they become socially harmful. It does not at all follow that in a social order organized for service all are actuated by the spirit of service and prompted by the loftiest altruism, but it does follow that selfish activity which runs

² “Christianity and Social Science” (Macmillan).

counter to the objective purpose of the organization will quickly and forcefully be curbed. Moreover, a structure of this kind has an educative influence and gradually lifts men to a higher plane, for men naturally conform to the moral standards embodied in their social environment.

Thus, contrasting the Christian with the non-Christian society, Dr. Walter Rauschenbusch says: "An unchristian social order can be known by the fact that it makes good men do bad things. It tempts, defeats, and degrades men. A Christian social order makes bad men do good things. It sets high aims, steadies the vagrant impulses of the weak, trains the powers of the young, and is felt by all as an uplifting force which leaves them with the consciousness of a broader and nobler humanity as their years go on." ³ The law is better than men, and in the end makes men better. If the social structure embodies ideals of unselfishness, it will exert a wholesome disciplinary influence on all and serve as a nursery of the altruistic spirit. Selfish propensities cannot develop and wax strong if at every turn they run into a blind alley and against a solid stonewall, as they will in an economic order which is organized to defeat selfish scheming; moreover, the energy behind these egotistical impulses will seek other outlets and be diverted into socially less obnoxious channels.

The Middle Ages built up such an order in the guild system, which was so constituted that private ambition could be realized only through socially useful activity and through service. The better part of the community entered into the spirit of the system and made its objective purpose their own personal end. This adjustment was greatly facilitated by the Christian doctrine of the fatherhood of God and the brotherhood of all men. The unregenerate part of the community refused to make the inner adjustment, but the rigid structure thwarted their evil designs.

³ "Christianizing the Social Order" (New York City).

THE PROFIT SYSTEM

OF a profit system in the true sense we can only speak when gain is not merely the personal aim of the individual but the motivating and regulating principle of all economic activity. In an economic system organized for social need, gain may be a subjective motive but it is completely subordinated to the objective end and contingent on social service; in the profit system, on the contrary, gain is the dominating factor which both inspires the individual and sets the wheels of industry in motion. It appears immediately that the two systems are diametrically opposed, the one being oriented towards society, the other one centered on the ego.

Another corollary follows from this fundamental divergence: whereas production for need aims chiefly at the creation of consumptible goods, production for profit is concerned mainly with the increase of new capital. Of course, no system can work without capital, and to that extent every economic arrangement is capitalistic. When, however, we term a system capitalistic, we wish to express the idea that this system does not consider capital as a means but makes it an end in itself. In the case of genuine capitalism, therefore, economic activity, the aim of which is profit, seeks a further increase in the instruments of production because only thus can more profits be obtained. This naturally results in expansion and reinvestment. The capitalist ever anxious for more profits first exhausts the possibilities of his own industry and then invades other fields of production in order to invest his gains profitably and make them productive

of new profits. We readily see how the striving for profit brings about a centralization of industry and a gradual domination of the entire economic life by a few. The tendency to centralization is the inevitable outcome of the profit motive, since new profit can only come from new capital, that is, from enlargement of the productive capacity. Eventually, the industrialists and productive capitalists dominate the life of the nation and exert an undue control over all spheres of social activity.

Industrial power in the hands of a few is the first stage in the development of an economic order motivated by the profit principle. The dynamics of such an order may be summed up in the formula: "More profit, more capital." Capitalistic expansion requires an ever-increasing market, and hence seeks international outlets for its products. However much the market will expand, at some time the saturation point will be reached. When this situation has come about, the possibilities of further profit cease and new reinvestments of earnings are precluded. These earnings which cannot be turned into productive channels accumulate in the form of money. Money, from being as originally intended a means of facilitating the exchange of goods, now is converted into a means of storing up values. Instead of flowing freely as the exigencies of commerce and trade demand, it is held by those who do not need it for purposes of consumption and cannot apply it to productive uses. As these holdings grow, money becomes scarce and now is a good in its own right. In a system essentially based on exchange, money is indispensable. It is needed by the consumer as well as the producer. If it does not circulate freely, it becomes a power which dominates society and holds everyone at its mercy. The money-owners now are the masters of the situation. For the use of their money they can exact a high remuneration. As dispensers of credit, that is of money intended for production, they are the absolute lords of industry, and as lend-

ers of money for consumption they can enslave everybody. Thus, the profit system by its own natural evolution culminates in the supreme domination of money. At this point financial capitalism takes the place of industrial capitalism. Financial capitalism in its turn has the same innate trend to centralization as industrial capitalism, and it is not difficult to visualize its disastrous effects if it is completed.

When financial capitalism has been established, the institution which comes into the foreground and assumes more and more power is the bank. Whilst in the beginning it merely occupied a subordinate position and served the interests of business, in the course of time it assumes control and dictates business policies. In the earlier stages the banker is dependent on the business and glad to make loans in order to invest his funds profitably; as his stranglehold on credit increases, he often finds it to his interest to withhold credit and is able to charge a high premium for the loans which he condescends to grant. If this state of affairs continued, the banker would eventually be the sole owner of all property. On a minor scale, this sometimes occurs in a small community where the local banker either owns in an outright manner most of the real estate or holds mortgages on most of the land and homes. Now, the interesting or the alarming feature about this situation is that this position of tremendous power frequently is built up by the adroit use of money that has been entrusted to him. It is this anomalous condition which Pius XI points out when he writes: "In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure."¹

Amplifying this subject, Rev. Oswald von Nell-Breuning,

¹ "Quadragesimo Anno."

S.J., writes as follows: "This is true in the first place of the officials of large economic enterprises; even though they have as a rule, and to a certain extent, their own money invested in the enterprise which they direct, yet they are generally far from being the sole owners. In recent years we have heard frequently how the directors of concerns disregard the rights and interests of stockholders, especially the small stockholders. . . . As the highest degree of economic domination the Pope conceives finance capitalism where economic enterprises habitually operate on a credit basis and are wholly dependent on credit. The credit is obtained from banks. The more the arrangement of credits becomes concentrated in the hands of a few banks, the greater becomes the dependency of those to whom credit is extended. The occurrences contemporary with the publication of the Encyclical, *Quadragesimo Anno* (the collapse of the Oesterreichische Creditanstalt, May 11, 1931; bankruptcy of the Donatbank, July 13, 1931; and the following credit crisis leading to the dissolution of the Kreuger concerns), have shown that these apparently omnipotent financial institutions are dependent upon the saving public, or capitalists, who entrust their money to them. If they lose confidence and demand the return of their money, either in order to keep it in custody or to invest it in their own enterprises, then the largest banks break down and the most daring of them are among the first to fall. Nevertheless, the fact remains that productive enterprises—farming, as well as industry, commerce, and traffic—have come to be unbearably dependent upon financial capital and its captains. The Pope speaks of 'those who, because they hold and control money, are able to govern credit and determine its allotment, for that reason supplying, so to speak, the lifeblood to the entire economic body, and grasping as it were in their hands the very soul of production, so that no one dare breathe a word against their will.' This is probably the sharpest passage of the entire Encyclical. But,

nevertheless, there should be no attempt to misconstrue it. It describes a condition which is technically called finance-capitalism, and in common language plutocracy. This condition is rejected as a malformation, because it means economic disorganization and a wrong distribution of power. The passage does not contain any accusations directed against human beings, and makes no statement concerning the use of power, good or bad, by those who have it. This the Pope does in a different passage and in a different connection. Here, however, the object is to characterize a fault of the system which mars our modern capitalistic economy, and for the removal of which we must strive." ²

MONEY TRUST AND MONEY EMPIRE

Naturally we ask ourselves how money, by its essence as a medium of exchange playing but a subsidiary part in economic life, came to achieve such a dominating and controlling position in our days. We are no longer living under a capitalistic but under a money regime, which means that the industrial magnate has been dethroned and abdicated in favor of the banker. It is instructive and useful to see how this peculiar and abnormal situation arose. Pius XI assigns as the cause of this development limitless free competition. These are his words: "This accumulation of power, the characteristic note of the modern economic order, is a natural result of limitless free competition which permits the survival of those who are the strongest, which often means those who fight most relentlessly, who pay least heed to the dictates of conscience." ³

Of the fact that there exists in our country and most likely in the industrialized countries of the whole world an unduly centralized control of money and credit, there can be little

² "Reorganization of Social Economy. The Social Encyclical Developed and Explained (Bruce).

³ "Quadragesimo Anno."

doubt. Much light was shed on the situation as it is by the Report of the Money Trust Investigation Committee, under the chairmanship of Representative Pujo, given to the House of Representatives, February 28, 1913. In this report it is stated that the fact of increasing concentration of control of banking resources was "defended by some witnesses and regretted by others, but acknowledged by all." Charles C. Chapman, S.J., summarizes the results of the investigation in a recently published study, and we cannot do better than to quote some of his condensed statements which give the gist of the report.

Under the caption, "The Financial Oligarchy," Dr. Chapman writes: "The process of concentration of control of money and credit, under the influence of a small group of investment bankers, was effected through consolidations, large stockholdings, interlocking directorates, control of management, partnerships, joint-account arrangements and special understandings known as banking ethics. The dominant element in the financial oligarchy was the investment banker. His tools were the associated banks, trust companies and life insurance companies; his subjects, the controlled railroads, public service and industrial corporations. The key to his power was combination—concentration intensive and comprehensive—combination which advanced along three lines: first, by consolidation of banks and trust companies as far as possible under the anti-trust laws, otherwise by the less obvious affiliations; second, by combinations and consolidations in the fields of public service, railroads and industrial corporations; third, by encroaching on the functions of the above classes of corporations. The investment banker became a directing power in railroads, public service and industrial corporations in order to control makers of bonds and stocks; in insurance companies and other corporate reservoirs of the people's savings in order to control the buyers of bonds

and stocks; in banks and trust companies in order to control an unlimited source of funds in the form of other people's money. Thus, by uniting within himself the functions of three classes of corporations the investment banker became, in regard to stocks and bonds, the maker, the market and the dealer. It was to this union of functions, wrote Mr. Brandeis, that the existence of the money trust was mainly due. . . . The power of the American financial oligarchy did not lie in its own wealth so much as in its ability to manipulate the wealth of others. . . . The most effective weapon in the hands of any financial operator is ready cash. The investment bankers did not overlook this fact in their work of concentration. The 34 banks and trust companies directly controlled by the Morgan associates held \$1,983,000,000 in deposits. This gave members of Morgan and Company not only the power to lend vast sums to themselves but also, what is more significant, the power to prevent these funds from being lent to competing interests. Control of vast sums of ready cash by the leading investment bankers gave them a particular power over the stock market. By lending or refusing to lend, they were enabled to affect the general price level of stocks and bonds. Their power over any particular security was even greater. Its sale on the market depended to a great extent upon whether the security was favored or discriminated against when offered to the banks or trust companies as collateral for loans. It is not therefore the actual possession of vast resources that makes for industrial absolutism but the ability to control and direct other people's money." ⁴ Against this background of concrete facts the passage of the Papal Encyclical referring to the despotic power at the command of those who control and dictate the use of the people's money stands out with startling vividness.

⁴ "The Development of American Business and Banking Thought 1913-1936" (Longmans).

THE EVOLUTION OF FINANCIAL DESPOTISM

We hold that the Pope's diagnosis of the situation is correct. According to this view the present money tyranny is the logical outcome of unrestrained competition. The thing happened in this manner. Unrestrained competition led to a distribution of property marked by excessive inequality. The share of the capitalist was far more than he required for consumption and the continuation of his business. This left him with considerable funds for reinvestment. As long as there remained opportunities of reinvestment in his own field, he could manage the situation himself, but when it became necessary to seek employment of his funds outside of the sphere with which he was familiar he had to depend on others who could put his funds to work. In the form of money they were entrusted to the banker who invested them in various profitable enterprises. As the available money for investment increased, the importance of the banker grew in proportion.

The manipulation of money became a highly specialized function which called for special training and intimate familiarity with the money market. Soon those into whose hands the investment capital of the people had been placed realized the tremendous power connected with their position, and were not slow to use it for the expansion of their influence. Here again the character of our economic order greatly favored them. In an economy of exchange money is patently of the utmost importance, and those who control it enjoy a position of superiority. That such a consciousness of power would enhance the self-esteem of the financier, can be readily understood. The feeling of superiority associated with great financial power manifested itself time and again in the course of the investigation of the Pujo Committee. The impression was created that the men under investigation felt secure in their privileged position, and that

they were convinced that they used their power benevolently and beneficently, though perhaps despotically.

Father Chapman describes this peculiar mentality when he writes: "Morgan, like Baker, conceded that centralized control of money could be used harmfully if it got into incompetent hands, but felt that there was no danger of its getting into such hands. He apparently thought that he and his group were especially destined by Providence to take care of the financial and industrial, if not the political, welfare of the country."⁵ At a more recent investigation of similar import the same self-confidence and arrogance were in evidence.

Financial domination arises where there is too much accumulated money seeking profitable investment, or in other words it is the result of a maldistribution of the wealth of the country. If wealth is properly distributed, most of it will go into the purchase of consumptible goods and only a narrow but withal sufficient margin of savings will be left for reinvestment. As a consequence, money will not be stored and hoarded but kept in circulation. The actually productive capital, machinery and plants, will be renewed but there is no opportunity for overexpansion.

Now, the profit system produces precisely this condition of excessive and unwholesome investment and industrial overexpansion. For the purpose of the profit system is to create more capital in order to ensure the steady increase of gain. Dividends look forward towards reinvestment; wages are largely absorbed by the needs of the wage-earner. A healthier financial state of affairs must come about when profits and dividends decrease and wages increase. Wages are at the expense of profits. We cannot disguise the fact that bigger wages mean smaller profits, smaller dividends and less interest. This, however, also means that there will be smaller accumulations of money waiting for investment

⁵ *Op. cit.*

and hence less opportunity for the assertion of financial power. As long as industry aims only at the maintenance, the repair and the replacement of its productive capital and a reasonable income for proper living, financing will remain a function over which it can retain adequate control. In that case money cannot rise above a ministerial position such as it held in the Middle Ages. The Pope, then, is right when he says that plutocratic supremacy comes in the wake of limitless free competition. We are here confronted by the interesting paradox that unlimited industrial freedom terminates in slavery.

At present money has assumed the importance which once belonged to land. As formerly land was needed for productive activity, so now money convertible into capital is indispensable. Centralized landed ownership in its day caused the same evils as centralized money control produces in our times. Later we saw arise the age of centralized industrial capital, again bringing evils of every kind. Now we have the age of centralized money and credit. We may aptly describe these phases of development as land feudalism, industrial feudalism and financial feudalism. All are characterized by an undue concentration of something pivotal in the economic process. Freedom and social well-being lie in the direction of decentralization. The vital question for us is whether we will go on to some new form of centralization such as is represented in the Communistic State, or whether we will escape from the yoke of financial dominion by wide diffusion of property. For it is well to remember that human liberty and human dignity cannot be preserved without private ownership, as Hilaire Belloc valiantly proclaims.⁶

MORALITY OF THE PROFIT SYSTEM

Whilst Catholic social philosophy makes the claim that every economic system must be subject to the moral law and

⁶ "The Restoration of Property" (Sheed & Ward).

that all industrial activity, as all human activity, must be motivated by moral considerations and regulated by moral norms, it does not assert that there exists an economic order, deduced from the principles of natural justice and derived from Christian ideals, which has absolute validity for all times and an obligatory character for all circumstances. The fact that economic arrangements are conditioned by historical, cultural, technical and physical factors makes it impossible to impose upon them an unchanging pattern. The relation of moral laws to economic activity is perhaps best described by stating that the former constitute the negative norms of the latter. This, however, must not be construed as meaning that any economic situation could be accepted as a legitimate reason to evade the dictates of justice and to set aside the requirements of the moral law. In every economic order the ideals of justice must be realized to their full extent. The material content of the demands of justice is subject to variations due to factors over which man has no control, but the proper proportion to be observed in the distribution of the national product must undergo no changes. It is plain that, where there is little to share, the portion allotted to each one is of necessity small. What justice decrees for the worker in an economy of scarcity in the form of wages will be quite different from what it proclaims as his right in an economy of abundance, but in both cases it demands that the share he receives maintain a reasonable relation to what the other members of the community appropriate as their own. Formally speaking, justice in all economic systems must be the same.

Hence, when we say that no economic system can exclusively be labeled Christian, we are far from approving of degrees of justice and accepting inferior standards for one time as compared with another. Accordingly, if in a given economic order the income of labor were far superior to the compensation it received in another sys-

tem but bore no proportionate relation to the general wealth existing at the time, that system would, for all that, not deserve to be called just, though in a material way it would compare favorably to another order in which the living standards of the wage-earner are actually lower. The income which the different members of society receive must not be determined with regard to the past but in relation to the possibilities of the present. Christian morality is indifferent to economic organization and to the technical aspects of industrial production, because these depend on an historical and material background, but it is never tolerant of a lesser justice or the violation of essential human rights. Now, the profit system does not preclude justice on account of its inherent nature, but only by reason of certain accidental features which it is possible to eliminate. Thus, it can be made to serve the demands of a full justice and to promote the common good provided the necessary safeguards are applied. Not competition but unrestricted competition has been condemned by the Papal Encyclicals; not the seeking of gain is wrong, but the making of gain the exclusive and all-commanding object; not self-love is bad, but unregulated self-love. Competition, when properly limited, can well go together with cooperation; the desire for profit (that is, a reasonable reward for one's work) need not clash with the motive of service; and a well-ordered self-love is not only the pattern of charity but its very foundation.

It may, however, be admitted that, absolutely speaking, one economic system is more favorable to the realization of Christian ideals than another, and that as a consequence Catholic sociology should give preference to this one. To prove the absolute superiority of one economic system over another would be no easy task, as there are so many angles of the situation which must be taken into consideration. If, for example, the wage system tempts the employer to injustice, it on the other hand makes for marked efficiency

of production and is calculated to secure industry on the part of the worker. Democratic organization of industry will eliminate the temptation to injustice on the part of the employer, but will open the door to the same forms of corruption which characterize our political democracy. Opportunities for wrongdoing and temptations beset every conceivable economic arrangement, and consequently from the standpoint of the possibility of abuse we would have difficulty in deciding in favor of the one rather than the other. This, however, Christian sociology suggests: that we study carefully each particular system in order to discover its weak point (that is, the point where it offers too much leeway to human passion), and then devise the necessary restraints for the curbing of this passion. In this manner the system can be rendered morally inoffensive, and its peculiar advantages will be preserved.

The relative superiority of one economic arrangement over another has to be established on the basis of the general educational conditions of the entire people, the stage of the technical development of industry, and the character of the resources of the country. To lift the medieval guild system bodily out of its historical setting and place it in a modern economic environment would be an anachronism of the worst type and result in serious drawbacks. By way of comparison, we might refer to the architectural styles of the Middle Ages, which, though beautiful in themselves, cannot simply be revived in our days, because they are not adapted to the structural materials which we use and which naturally call for new and original designs. In this matter we can accept the well-balanced judgment of Dr. Heinrich Weber and Dr. Peter Tischleder, who in their joint treatise say: "True, the medieval vocational organization of economic and social life with its compulsory provisions and protective features, with its rigid restrictions of industrial liberty and its restraints imposed on individuals, automatically secured production for

social need. Yet, this vocational articulation, especially in its medieval form, in spite of the valuable moral ideas which it embodies, does not represent an absolute category of social organization, enjoying exclusive ethical sanction, but only a social constitution which manifestly arose out of specifically medieval conditions.”⁷ This must not be taken as being in opposition to Pius XI’s plea for the restoration of occupational groups in modern society. The Pope does not just think of bringing back the medieval guilds, but has in mind the formation of groups that will do away with our modern industrial classes and at the same time harmonize with the exigencies of present-day industry. That this is his view may be gathered from the fact that he looks upon these groups as a natural development, since he explicitly remarks: “These groups, in a true sense autonomous, are considered by many to be, if not essential to civil society, at least its natural and spontaneous development.”⁸ The whole context in which this passage occurs shows that nothing is further from the thought of the Supreme Pontiff than a mere repristination of antiquated forms. In fact, it will be the vital task of our times to find an appropriate organization for our economic life in which the social purpose of production can adequately express itself.

INHERENT DANGERS OF THE PROFIT SYSTEM

The dangers associated with the profit system belong to the moral as well as the social order. The profit system on account of its own innate tendency contains the most powerful temptations to moral perversion for the individual, and at the same time is likely to jeopardize the objective purpose of economic production. The danger of frustration to the objective end arises from the fact that in this system the subjective purpose of production is completely separated from

⁷ “Handbuch der Sozialethik” (Essen).

⁸ “Quadragesimo Anno.”

the objective aim, thus creating numerous possibilities of conflict between the two. Moral corruption becomes imminent, because the prospect of excessive gain overstimulates human cupidity. These are items on the debit side of the system in question, and would, if they could not be overcome and were not offset by considerable advantages, suffice utterly to rule out the profit motive as a dynamic factor in the economic process.

Now, we know from Moral Theology that a remote occasion of sin may be tolerated for grave reasons. That is the situation with respect to an economic order inspired by the profit motive. Such an order, of course, presents many occasions of sin, but by proper regulation these occasions may be rendered remote and hence permissible for the sake of some substantial good that is to be obtained. In other words, there is a way of drawing the poisonous fangs out of the profit motive and thus not only making it comparatively innocuous but very serviceable and useful in the social and economic world. That is the point; if the acquisitive tendency in man were not charged with such dynamic energies that can be converted to excellent uses, we might think of simply eliminating it altogether and thereby forestall all possibilities of abuse. Self-interest, however, releases powers which we can ill spare in society.

ETHICAL QUALITIES OF THE PROFIT SYSTEM

The profit motive, since it makes a strong appeal to natural self-love, supplies very efficacious incentives to the fullest display of human activity. Under its influence diligence, industry, initiative, enterprise, responsibility and self-reliance flower and expand. These qualities make for the development of personality as well as for the common welfare, and certainly are not without moral value. Whereas the medieval regulative and protective system would encourage easy-going

business ways and a certain inactiveness, the competitive profit system puts a man on his own mettle and compels him to remain ever alert to new business opportunities. The system does not guarantee him the continuance of his business; he has to hold on to it by his own personal efforts and try to improve the service if he does not want his customers and patrons to drift away from him. Such a spur to activity is wholesome for man and calls forth his best efforts.

On the objective side, the profit system leads to improved methods of production, a more economical exploitation of natural resources, and the development and use of new technical inventions. It prevents the stagnation of industry and the retention of outmoded tools and obsolete machinery. Goods are increased, and on account of the reduced cost of production made accessible to the masses. In the wake of industrial progress follows cultural advancement. A general rise in the standards of living for the whole community is the result. Thus, it can hardly be denied that the profit system by and large contributes to the better life.

The purpose of economic production is to supply the material wants of society. In order that this end may be accomplished, the first requisite will be to create a sufficient amount of goods to meet all needs. In this respect the profit system cannot be said to have failed, for we are really living in an economy of plenty. But if one should insist that there is not a sufficient supply of commodities, at least no one will deny that the existing machinery of production could without the slightest difficulty be made to meet all requirements. This machinery, however, has been built up under the regime of the competitive profit system. The conclusion will be justified that in productiveness and material efficiency the profit system is likely to surpass an order motivated and regulated by the principle of production for need and social service. True, the former may fail of its own accord to bring about a just and fair distribution of the goods produced,

but it surely creates a greater quantity of commodities available for distribution. This is decidedly consoling, for it seems to be easier to deal with the problem of distribution than with that of production. After having solved the first problem of the intensification of production necessary to meet the increased needs of a growing population, human ingenuity will also be able to contrive a solution of the second problem of a proper distribution. The first problem, physical in its nature, is preliminary to the second, which is moral and social in character. Since the pivotal point for political economy is to secure efficient production, it appears that no economic system which excludes entirely the strong incentive of private gain will work satisfactorily.

MORAL REGULATION OF SELF-INTEREST

It is the fundamental error of all communistic systems to look upon man as a collective being and to reduce him to the function of a mere cog in a mechanism. From this basic misconception radiate all other errors and false practical policies. The cog is moved from a power external to itself, and its own movements have no significance except in relation to the entire mechanism. Withal, man is an individual, actuated from within and destined to acquire a personal perfection of his own. Hence, self-interest is not only normal but the source of energy which must primarily be called into play. If self-interest is ruled out, there remains only external force and compulsion. Only individuals are conscious, and accordingly the motive that is to stir them to action must be something that will link up with an element within themselves and call forth a spontaneous response. There is neither collective perfection nor collective happiness possessing an entity or a value entirely independent of the perfection and the happiness of individuals. Modern communistic and fascistic trends have blurred this concept. It therefore re-

quires a vigorous restatement and a very emphatic reassertion. The individual cannot be blotted out and by the same token self-interest cannot be totally eliminated.

This important truth is set forth with great felicity of expression by Mr. E. I. Watkin, whom we quote at some length. "It may be urged," says the distinguished philosopher, "that the individual has no value apart from the social organism to which he belongs, and therefore must be subordinate to it as the life of the cells in the body to the life of the body. True, the value of the individual is not apart from the social organism. But whereas the value of the cell is so entirely subordinate to that of the organism that, comparatively speaking, it has no value in itself, this is not true of the relation between the individual and society. For whereas the cell has, for all practical purposes at any rate, no consciousness, and the organism is conscious as such, in the social organism the individual alone is conscious. No society, not even the Church, possesses in the true sense a consciousness. It cannot perceive, enjoy, suffer, think, know or will. And even below the human level the part is not always devoid of individual value. If the flower exists for the biological purpose of the plant, it is often more beautiful than the plant which bears it. Indeed, the beauty of a beautiful flower is more valuable than its biological purpose, which may even be wholly absent, as in the violet and in double flowers. Moreover, as the value of a plant is, as it were, summed up in its flower or fruit, the life of a society or culture is summed up in its choicest blossoms—its heroes, geniuses, and saints. Who can read St. Augustine's exploration of the depths of the soul and its life in God, and think its value exhausted by its function and service in any social organism? Is not the Church the communion of its individual members with God, each valuable in proportion to his sanctity? What purpose has a State except to make it possible for its members to attain their fulfillment? In the happiness

and perfection of its individual members, which consists in the unfettered realization of their native capacities, a society achieves its own.”⁹ Perfection, however, can spring only from activity which arises from inner sources and which is in conformity with innate tendencies. Society will fare best, not when it does violence to the individual, but when it respects the individual and uses him in accord with his nature. Self-interest does not necessarily conflict with the common good, but it releases tremendous energies which can be utilized for the benefit of the community.

We do not here speak of the so-called enlightened self-interest of Classical Economy, which is a matter of external calculation, but of that Christian self-love which is regulated from within by the purpose of human existence and finds its external norm in the objective moral order and the rights of others and of society. This self-interest, though it does not possess the terrific energy of pure selfishness which makes it a devastating force, has yet enough resiliency and spontaneity to be of excellent use to society.

Henry de Passage rightly says: “It is a futile endeavor to aim at the suppression of the impelling force of a certain personal self-interest which is indispensable in order to set in motion human activity and keep it at a high pitch. And that is why personal gain constitutes an essential requisite of public welfare; it is both unjust and disastrous to confine it within too narrow boundaries. On the other hand, this liberty must not be left without restraint nor be allowed to repudiate all control; strict supervision of gain and eventually its curtailment in the interests of a fairer distribution are also necessary. Lastly, reason as well as the experiences of the past and our own times teach that no system can function properly without the existence of a recognized vocational ethics and a sense of social responsibility.”¹⁰ The last

⁹ “A Philosophy of Form” (Sheed & Ward).

¹⁰ Quoted from “Handbuch der Sozialethik.”

part of this passage referring to the necessity of vocational *mores* is of particular importance. It leads us to the heart of social reconstruction as conceived by Pius XI, namely, the reestablishment of vocational groups, for only in such groups can effective moral customs which bind the conscience grow up. Every social group has a natural tendency to develop certain ideals and standards of conduct to which the members of the group are expected to conform, and which they dare not violate because any such violation would bring on them the contempt of their fellow-members and produce loss of caste. Groups can become very jealous of their dignity, and are anxious to preserve their honor. They will see that the members refrain from conduct which would lower the social standing and destroy the social prestige of the group in the community. In this social sentiment we shall find the influence which will curb the profit motive without resort to external compulsion and harness self-interest to social tasks.

THE PRODUCTIVE AGENCIES

SINCE man is the subject of economic activity, the economic order like all other fields of human endeavor represents a realm of ends. Ends, purposes and motives elicit man's activity, and hence arises the question: which purposes will be most effective in securing an adequate measure and sufficient intensity of economic effort? The most potent economic motive is that of gain. The economic order cannot dispense with this tremendous force, and we conclude with Valère Fallon, S.J., who writes: "Self-interest is a powerful personal tendency, always on the alert, always inspiring initiative, ingenuity, and endurance. It is legitimate. It is so efficacious and so very irreplaceable that it would be folly to pretend to install a certain order of things in which it would not be the principal force of economic activity."¹ However, on the subjective side, this purpose must be subordinated to the higher purpose of existence, and in this manner will be considerably restrained and deprived of much of its harmfulness. On the objective side, it must be harmonized with the social end of economic activity and curbed to such an extent that, whilst stimulating productive activity, it does not interfere with the rights of others and the common good. Victor Brants brings out this point when he says: "If we consider as necessary to man the stimulant of legitimate interest, we consider as deadly its unrestrained expansion into egotism and its unlimited action in disorganization. . . .

¹ "Principles of Social Economy" (New York City).

This motor needs a powerful brake.”² Economic activity, in its source and first individual motivation, aims at personal ends. True, by its very nature it produces as a byproduct beneficent social results, but the full social purpose can only be obtained by a direction, regulation and organization which deliberately intend the common good.

The personal motive of private gain (*finis operantis*) which supplies the dynamics of the economic process, accordingly, must be fitted into an objective order which is so constructed that it makes private economic activity serve the community by supplying social need (*finis operis*). Where such an order exists, private interest subserves social interest even if the individual does not explicitly intend the latter, because the pursuit of private aims is possible only within definite limits and in ways which of themselves tend towards the social good. This objective identification of private and social interests does not come about automatically, but must be effected by an authority whose very task it is to represent and promote the common good and to make it emerge from the play of individual activities. Moreover, a fair equilibrium of private and social interests cannot be obtained unless both are construed in an ethical sense and considered as means to the realization of higher human values, for it is only such teleological consideration which limits rights from within and furnishes a basis of rational harmonization. On any other basis the restriction of rights and interests is arbitrary and is apt to go beyond reasonable bounds. It resolves itself into a question of might. Rational and moral organization of economic activity, then, is that which utilizes the dynamic economic forces of individuals in such a manner that they work no harm but serve their purpose of supplying social need. Into this scheme the various productive factors will have to be fitted, for every efficient cause works for the sake of an end.

² “Les grandes lignes de l’économie politique” (Louvain).

PERSONAL AND IMPERSONAL FACTORS

For our purpose it is quite enough to reduce all productive agencies to the following two: *work* and *capital*. The personal factor is work, and by it we understand human activity directed to the production of material goods. As man's activity is not creative, he depends on preexisting materials which in some manner he adapts to economic use. These materials, whether they be furnished by nature or constitute the outcome of previous productive activity, as long as they are employed for further production we designate as capital. Both work and capital are essential to the carrying on of the economic process. Accordingly, the economic order must offer incentives to stimulate economic activity as well as to encourage the exploitation of the natural resources and the formation of productive capital. It must be the concern of society to maintain an efficient labor force and to increase and use wisely its productive machinery, since prosperity may be imperiled equally by the lack of sufficient labor resources and by the absence of productive capital. Economic wisdom lies in bringing together the two mutually dependent factors, labor and capital, and securing their harmonious cooperation. It also demands that a proper relation be maintained between the growth of the population and the possibilities of production.

Since it is plain that a country cannot at will increase its own natural resources, it follows that a territory poor in natural wealth must develop forms of industry which utilize the raw materials derived from other countries and obtained through the exchange of finished products. The well-being of countries of this type, less favored by nature, is predicated on the high development and perfection of its labor resources in the widest sense, as implying initiative, inventiveness, specialized ability and superior workmanship. The capital of such a country consists chiefly in industrial ma-

chinery, which itself is the product of human activity and skill. As long as labor maintains its superiority and excels in workmanship, it will succeed in attracting the necessary capital from without if the country is unable to provide it. But outstanding skill in this case is paramount, because it is apparent that capital does not have to go out of its own country in order to find unskilled labor. The thing that counts in social prosperity as well as in every other achievement is man, and it has rightly been said: "There is no strength and no wealth except in men." We do well to keep this before our mind when discussing the relations between labor and capital. However, the guiding principle for right economic thinking is the essential truth that labor is something personal, and therefore may never be conceived of as a mere thing, a commodity, a tool, or a pure means. This personal character of labor must be stressed in questions pertaining to the division and scientific organization of labor in behalf of greater industrial efficiency.

THE LABOR MARKET

Labor and capital belong together. They ought to be joined in a permanent social relation which would make their interests truly identical. As a matter of fact, in the present order they are actually brought together through the labor market, and here their interests become antagonistic. As long as this condition prevails, there can neither be harmony between the two factors nor recognition of the dignity of labor. The market arrays labor and capital against each other in hostile classes, thus nullifying what Leo XIII so solemnly proclaims: "The great mistake that is made in the matter now under consideration is to possess oneself of the idea that class is naturally hostile to class; that rich and poor are intended by nature to live at war with one another."³ The

³ "Rerum Novarum."

unpleasant fact that labor and capital are opposed to each other under our existing economic regime cannot be denied, and it may be stated that this cleavage between the two is a deep and wide one which cannot be bridged over as long as the present order prevails. The economic and technical distinction between labor and capital involves no conflict of interests; the conflict begins when this distinction is translated into the social order and concretely expresses itself in two distinct social classes.

Bargaining is not in itself a unifying agency; and since it is in the relation of bargainers that labor and capital now meet, their interests inevitably clash and arouse sentiments of aggression. They confront each other in a fighting mood, and naturally each endeavors to get the best of the other. This natural antagonism is well described by Oswald von Nell-Breuning, S.J., whom we quote as follows: "Market means parties to the market, and the latter, in turn, means antagonism of interests. People belonging to opposing market groups may be united by a thousand ties of solidarity; as market groups, they are antagonists. And they must be antagonists since, on the market, one man's advantage is the other's disadvantage. To barter profitably means to buy cheap for the one, and to sell high for the other. To buy cheap and to sell dear is antagonism, and neither good will nor God's omnipotence can change it. This antagonism is neither ill-intentioned nor artificial, but is essential and follows with logical consequence. There is no remedy for this logical consequence, and God Almighty can recognize it but cannot alter it." ⁴

This inherent antagonism finds its outer expression in the bitterness and intransigence which usually, if not invariably, mark the disputes that arise between labor and capital concerning wages, hours of work, and other matters. The labor market, as it actually exists and works, utterly distorts the

⁴ "Reorganization of Social Economy" (Bruce).

relation between labor and capital as it ought to be, and brings many abuses in its trail. The chief of these abuses is that it puts human labor on the level of a vendible commodity. That man is forced to make a living by offering his labor as a social service, does not in itself impair his dignity; but that his labor rates as a commodity, and that the price paid for it is determined by the laws of supply and demand, debases him and makes his position so insecure in society.

Hence, anyone who retains a shred of respect for the dignity of the laborer and is concerned about the stability of society will endorse the uncompromising sentiment voiced by Father von Nell-Breuning and echoing the thought of the Papal Encyclicals: "If this is the meaning of the labor market, then we must consider it as something entirely unacceptable and intolerable. Under these conditions, we must bluntly call the overthrow of the labor market the all-important task of social reform, a task of equal or even greater importance than the overcoming of proletarian conditions by letting wage-earners attain to property."⁵ The whole trend of our recent industrial history with its unrest and unending strikes also justifies the following remark of the same author: "If we were to have a contest for the best answer to the question: 'How can human society be organized in the most inefficient and destructive manner?' the only possible answer would be: 'Make the labor market its center.' Humanity would then actually live on a volcano, and this is exactly our present condition."⁶

Withal, the labor market with its glaring abuses and its dangers for social peace is only an external symptom of a deep-rooted social disease. It is the outcome of the disorganization of society, and as a consequence can be eliminated only by an appropriate reorganization which restores the natural relation between labor and capital and substitutes co-

⁵ *Op. cit.*

⁶ *Cp. cit.*

operation for antagonism. This Pius XI designates as the main object of social reform, without which everything else remains futile and abortive. Even collective bargaining fails to touch the root of the evil, and eventually will merely accentuate and aggravate the existing antagonism, as the menacing dimensions which walkouts in our days are assuming indicate. The contests between the two parties will become more frequent and more disastrous to society. To guarantee peace and stability the basic maladjustment must be removed. Accordingly, Pius XI makes his ardent pleas in behalf of social reconstruction along occupational lines. "Now," he writes, "this is the primary duty of the State and of all good citizens: to abolish conflict between classes with divergent interests, and thus foster and promote harmony between the various ranks of society. The aim of social legislation must therefore be the reestablishment of vocational groups. Society today still remains in a strained and therefore unstable and uncertain state, being founded on classes with contradictory interests and hence opposed to each other, and consequently prone to enmity and strife. Labor, indeed, as has been well said by our predecessor in his Encyclical, is not a mere chattel, since the human dignity of the working-man must be recognized in it; and consequently labor cannot be bought and sold like any piece of merchandise. None the less, the demand and supply of labor divides men on the labor market into two classes, as into two camps, and the bargaining between these parties transforms this labor market into an arena of strife where the two armies are engaged in combat. To this grave disorder, which is leading society to ruin, a remedy must evidently be applied as speedily as possible. But there can be no question of any perfect cure, except this opposition be done away with, and well-ordered members of the social body come into being anew, vocational groups, namely, binding men together not according

to the position they occupy in the labor market, but according to the diverse functions which they exercise in society." ⁷

INDUSTRIAL ORGANIZATION

Concerted labor arises out of the fact that the joint action of men in production offers advantages which are obvious. Cooperation would be desirable, even if men possessed the same abilities and could attain to the same degree of skill in various forms of activity; it becomes necessary in view of the great differences existing in human endowment and of the impossibility of acquiring simultaneous proficiency in many fields of work. Thus, division of labor and industrial organization have a very natural foundation, and in this fact also find their moral vindication. They are an expression of the basically social nature of man, which consists precisely in such mutual interdependence and the possibility of mutual helpfulness flowing from the lack of individual self-sufficiency. In the large scale economic enterprises of our days, rendered imperative by the exigencies of society, extensive industrial organization is indispensable. The enormous savings made in this manner and the tremendously increased productivity of human labor thus secured are apparent to the most superficial observation and call for no further elaboration.

From the point of view of pure idealism, independent labor which the individual performs in his own name, on his own responsibility, at his own risk and with his own means takes a higher rank than dependent labor in which the above-mentioned features are absent and which is done under the direction of another who assumes responsibility and risk; but practical advantages speak in favor of the latter. Still, it will always be to the benefit of society to conserve and encourage independent labor to the extent that this is feasible,

⁷ "Quadragesimo Anno."

since it produces a type of man that must be regarded as a valuable and irreplaceable social asset. The master mechanic of other times, who has almost become extinguished in our days, is the true aristocrat of labor, proud in the knowledge of his usefulness, rejoicing and glorying in the work which is dear to his heart (for its own sake and not merely for what it brings in the way of material compensation), finding through his work his fullest self-expression, and not looking upon it as a sad necessity. It is a laborer of this kind, fully satisfied with his position, whom Shakespeare makes jocosely and boastfully say: "Sir, I am a true laborer; I earn that I eat, get that I wear; owe no man hate, envy no man's happiness; glad of other men's good, content with my harm; and the greatest of my pride is to see my ewes graze and my lambs suck." ⁸

Modern technical development and particularly the advent of the machine have resulted in a preponderance of dependent labor. The dependent worker places his labor at the disposal of another, who directs the enterprise as a whole and assigns to the individual workman some partial and subordinate function in the process of production. Large industrial undertakings require whole armies of dependent workers, and moreover in the interest of increasing returns and productive efficiency demand a very far-going division and specialization of labor.

A less desirable byproduct of this division and consequent narrowing specialization of labor is that thereby the dependence of the worker is unduly heightened, and he becomes linked up with—or, we might say, chained to—one form of industry. Besides, the particular task which he executes may become so insignificant and trivial that it contributes little or nothing to the development of personal ability, and affords no outlet for creative instinct nor any opportunity for emotional satisfaction. Though an imponderable element, the

⁸ "As You Like It."

latter is of no small importance for the general state of mind of the laborer and the maintenance of his morale. How disastrously such an uninspiring activity may affect the laborer comes home to us when we ponder the words of Dr. L. P. Jacks, who writes: "The human being is by nature a skill-hungry animal, both in his body and in his mind. His whole being, body and mind, hungers for skill just as his stomach hungers for food, and perfect health, even perfect physical health, is unattainable until his skill-hunger is satisfied."⁹ Similarly Father Fallon says: "Division of labor decreases the interest which the workman takes in his work. This is reflected in his morale. . . . As for Taylor's particular technique, his detailed examination is foreign to our subject; it has technology for its source. It calls, however, for a remark of a general order: it is incomplete; it recognizes almost exclusively the mechanical factors of return; it does not attribute enough importance to labor psychology and to the satisfaction element. A sad, discontented laborer laden with cares will not work as the tranquil, happy, content man does."¹⁰ Dr. Charles S. Devas minimizes this mental effect and writes: "It is said that where a man has for his whole employment some seemingly trivial, mechanical and monotonous work, like piecing threads, replacing exhausted weft, grinding needles, stamping names, there is no scope for his reasoning and artistic faculties, and he becomes a mere automaton. But though it is true that the introduction of great division of labor has at times been followed by the intellectual degradation of the workmen, the part of that degradation really due to the division of labor has been next to nothing, the part due to evil social relations has been almost everything. In the Third Book we shall examine these relations; here we need only say that, where they are good, no

⁹ Quoted from Maurice B. Reckitt, "A Christian Sociology for Today" (New York City). Cf. also L. P. Jacks, "The Challenge of Life," Chapter III, *The Ethic of Workmanship* (New York City).

¹⁰ *Op. cit.*

workman need have his faculties blunted or dulled by his work; and although he may not be able to take pride in it, as a ploughman in his straight furrows and a carpenter in his smooth and solid woodwork, he can take a pride in being steady, careful, diligent, cheerful, and in making good use of his earnings and his leisure.”¹¹ This, however, hardly meets the real issue. But we may let the matter rest at the moment, since we shall have to discuss at fuller length the ethical and psychological aspects of dependent labor with its attendant advantages and disadvantages.

¹¹ “Political Economy” (Longmans).

WORK AS A TITLE TO A LIVELIHOOD

IN a well-ordered society the distribution of the product of economic activity has to be made on a reasonable basis which safeguards the dignity of man, conforms to the requirements of justice, and serves as an adequate incentive to further production. It is true that the national wealth exists for the entire community and must minister to the needs of all, but in order to share in this wealth each individual must acquire a title to some definite part which is to be appropriated to his own use. The dignity of man requires that he earn this title, and that he make some return for what he receives. Moreover, the interests of the common welfare demand that there be a reasonable proportion between the contribution which the individual renders to the common good and the remuneration which is meted out to him.

In our present order a vast number of individuals can acquire a claim to the necessities of life only by the labor which they are able to perform and which constitutes a valuable social service indispensable to the creation of wealth. Society needs labor, and owes to the productive activity of the laborer its prosperity. Hence, Leo XIII aptly says: "It is only by the labor of workingmen that States grow rich."¹ If this is so, it follows logically that labor done in the service of society creates a valid title and an indisputable right to a proper share of the national wealth. Society, which is dependent on the laborer and benefits by his labor, must in return furnish him the means of a decent livelihood. The

¹ "Rerum Novarum."

concrete expression of the duty of society to the working-man is the living wage. Historical development has brought it about that the resources of the earth basically intended for all members of the human race have come under the control of a smaller or larger number of individuals, who, however, may not exclude the rest from gaining access to the things necessary for life. These owners of the resources of the earth exercise on behalf of society the economic function of providing for the material wants of the community, and upon them falls the duty of discharging society's debt to the laborer. Thus, Msgr. John A. Ryan writes: "A right to a decent livelihood means a right to a living wage in the case of a laborer. Why? Because that is the kind of industrial system in which we live. The goods and products of the earth are controlled in our industrial system by the employer. If it were the State that managed and operated industry, the right of the laborer would be against the State, because the State then would have control of the means out of which wages must come. As a matter of fact, it is not the State that controls in our system; it is the employer. Therefore, the laborer's right to a decent livelihood from the fruits of the earth becomes a right against the employer for a living wage. The employer is bound to pay that, because he has the product, and he is the paymaster of society. There is no other reasonable way to determine rights and obligations in our system of production and distribution."²

In the prevailing order, work establishes against society a claim to a livelihood, because work is the only thing which many can offer in exchange for a living. Society must recognize and honor this claim, because without work wealth cannot be created. Work, benign social service, imposes on society an obligation towards the laborer which it liquidates by supplying him with the things necessary for life. It is plainly absurd to maintain that the worker who so substan-

² "Social Reconstruction" (New York City).

tially assists in the production of the material goods required for the maintenance of life should himself be deprived of them, or be accorded only an inadequate measure. We may, therefore, say that society owes the laborer a living. Whether society directly or through the employer acquits itself of this duty, is immaterial. The point is that work begets a just claim to a livelihood, and that it is incumbent on society to enforce this well-merited right.

Now, the normal situation would be the following. Every new generation that enters into this world brings a fresh supply of workers who are willing to place their productive labor at the disposal of society. On the other hand, society needs workers to meet its increasing needs. Supply corresponds to demand. Jobs are available, and the man who has to live by his work is able to get work. The call for workers is steady and continuous, because production does not outrun consumption. Temporarily there may be a margin of overproduction and a decreasing demand for workers, but the margin is quickly absorbed and unemployment does not become critical. Work as a title to a livelihood retains its efficacy. Work is as good as gold. It is sound currency, and the worker can buy for it what he needs. The ability to work in a society that is not surfeited with commercial goods, but that on the contrary must keep on producing in order to meet its material wants, is tantamount to an unfailing "meal ticket." The owner of two good hands will in such a social environment have no difficulty in finding a ready place at the banquet of life.

In view of the fact that nature does not supply its goods in unlimited profusion, and that all natural products must be modified by human activity to serve human requirements, the situation just described, in which the newcomer is welcome as a potential producer who will be able honestly to earn a living, represents the ordinary state of affairs. Society will be in a condition to offer him work, and thereby put

him in possession of a title to a livelihood. Accordingly, the Papal documents are chiefly concerned with the demand that the worker receive a decent living wage; they barely touch the question of getting work, the supposition being that society has work to be done and jobs to give.

THE ECONOMY OF PLENTY

But it is this new question which looms overshadowingly large in our days. Unemployment has taken on critical dimensions. It is no longer a passing incident but a permanent feature inseparably connected with the present structure of our economic order. In some manner it is bound up with the tremendously increased efficiency of our productive machinery. Technical progress has thrown out of employment a great number of workers and keeps them out of work. The machine displaces them; there no longer is any work for them; the machine does their work. A time was when the workers made superfluous in one industry by the invention of a device to supplant man-power would find reemployment in some other industry. Though this readjustment worked considerable hardship, still unemployment was only temporary, and after a more or less prolonged period of enforced idleness the worker would again find remunerative employment. This process of reabsorption, however, now seems to have reached its saturation point and has come to a standstill. As a matter of fact, technical improvements are going on at a rapid pace, which means that even more work will be taken over by mechanical contrivances and less work left for men to do. And this is the tragedy of our times, a grim tragedy for large sections of the population. Work, as we have seen, is for many their only title to a livelihood. If no work is available, their title to a living vanishes. The right to work becomes illusory if there is no work. What, then, about the many who for their existence depend upon their

work? That is the sad dilemma into which modern society has manœuvred itself.

There are other grotesque features which mark the present economic situation and which impart to it an almost farcical character. The odd and striking thing is that our troubles are not caused by *scarcity* but by *plenty*. Because machines produce too much, a great number of men cannot have what they need for their daily sustenance. Want is the direct consequence of plenty. A plethora of goods exists on the one hand; on the other hand, there are many who need these goods. The latter cannot, however, have access to these goods for the simple reason that they cannot show a title on the strength of which they could claim a share in them. As the situation lies, they are unable to acquire such a title because the goods which society needs are produced without their assistance in the shape of productive labor.

It is apparent that a system resulting in such absurd consequences must contain a fundamental flaw. Our present social order is in the possession of vast stores, and these stores remain locked up because we are not in a condition to give a key to these stores to those who need them. It is worse than paradoxical. In a less productive industrial order we would be able to feed all, because the lesser productiveness of our economic methods would make the employment of all necessary; the enhanced productiveness of our improved industrial methods baffles us, because this very increased productiveness stands as a bar to the employment of those who are looking for work. What should have redounded to the advantage of society, has resulted in its utter discomfiture. The machine, which by its original nature was intended to lighten the tasks of man and to make his lot on earth easier and more pleasant, has taken his bread away from him and reduced him to a plight far worse than that in which he existed before his marvelous discoveries and stupendous inventions. The good which the machine should have accomplished was

frustrated by a defect in our social organization. The machine is not to blame. It is not the enemy of man, and not the enemy of the worker. The whole trouble arises out of our lack of social insight. Instead of making the machine serve the common good, we have allowed it to be exploited in the interests of the few. The machine has been used in anti-social ways, and the consequences have been disastrous for all, the producer as well as the worker. Increased production has sense only if there is increased consumption; but if the increased production prevents the increased consumption, it defeats itself. That is the stage at which we have arrived.

The state of affairs is so exasperating and seemingly so hopeless that some have concluded that the best thing for humanity to do would be to scrap most of its technical inventions and return to primitive conditions. Such counsel is manifestly preposterous. Technical progress gives us control over the forces of nature and can be turned to the best uses. It has a spiritual significance, because through it man acquires dominion over the earth in which the Creator placed him as master and which the Lord of Creation wants him to subdue.³ Inventions spring from the use of a God-given faculty, and whatever evil attaches to them can be overcome. Well writes Mr. Christopher Dawson: "The material organization of the world by science and invention is in no sense to be refused or despised by the Catholic tradition, for to the Catholic philosopher no less than to the scientist the progressive rationalization of matter by the work of scientific intelligence is the natural vocation of the human mind. This must seem a hard saying when we consider that science and discovery, like the second eating of the forbidden fruit of knowledge, have proved a curse rather than a blessing to humanity. But the disease of modern civilization lies neither in science nor in machinery, but in the false philos-

³ Gen., i. 28.

ophy with which they have been associated.”⁴ Mr. Stuart Chase speaks in like fashion: “I incline to the belief that machinery has so far brought more misery than happiness into the world. It has, however, brought the fresh winds of change; and with them vitality and invigoration. . . . With change, improvement is always possible. The trend is towards improvement in many departments. . . . Is it possible to segregate those evils which are implicit in the machine itself from the more or less extraneous evils which have been created by its human direction?”⁵ To this question Mr. Maurice B. Reckitt replies in an optimistic strain as follows: “The Christian answer must surely be that it is possible, but that it cannot be done without the recognition of a true scale of values, which only religion can sufficiently elucidate and guarantee. The blind acceptance of machinery in all its existing forms and for all the purposes for which it is now employed is a form of idolatry to which the Christian can never submit. But there is an opposite recklessness in the wholesale condemnation of machinery, which seems to carry the unperceived implication that God has made a mistake in giving to men scientific and inventive capacities.”⁶

We cannot admit in any department of life the tyranny or dictatorship of things; technique is for man, and not man for the technique of production; we do not give first rank to the needs of industry but to the needs of man. Common-place though it may sound, we emphasize against those who are over-anxious about the requirements and the smooth working of our industrial machinery the dictum of St. Anthony of Florence, who boldly proclaims the human purpose behind economic activity when he quite explicitly states: “Production is on account of man, not man of production.”

The crux of the problem lies in this, that the machine

⁴ “Christianity and the New Age” (Sheed & Ward).

⁵ “Men and Machines” (New York City).

⁶ “A Christian Sociology for Today” (New York City).

does not fit into our actual economic organization and as a consequence causes disorder and maladjustments. It was introduced into a social system based on craftsmanship and small-scale production, in which the worker owned his tools and the instruments of production. Plainly the machine, the factory, the enormous plant cannot be made to fit into such a social pattern. The machine calls for a new type of private ownership and social organization. And it is for us to discover and map out this new form of ownership and social organization which will neutralize the evil effects of the new technique of industry and forestall the abuses which may come in the wake of machine production. Not the interests of industry must be our dominating concern, but the interests of society. If there are to be labor-saving and cost-reducing devices, these must be for the sake of the whole community and not merely for the purpose of increased profits. As it is, the machine has become the ruthless and heartless competitor and the tyrannical master of the worker, when in reality it ought to be his ally and servant. But all this has nothing to do with the nature of the machine, which after all is a will-less thing directed by the hands of man; it has everything to do with the way in which the economic order is organized and the instruments of production are owned. It is for this reason that Pius XI so strongly insists on what he calls the vocational or occupational reorganization of society, because such organization will bring about new forms of ownership that will put an end to the domination of the machine. The present type of individual ownership of the machine entails inevitably what has been aptly termed "industrial feudalism."

INDUSTRIAL TECHNIQUE AND SOCIETY

Technical inventions and social progress do not always synchronize. A new invention may come at a moment when

humanity is not properly prepared for its arrival and will turn it to evil use. There is such a thing as ill-timed knowledge. That holds good for the individual as well as society. If moral growth does not keep up with intellectual development, the latter will not prove a boon. Now, that is the very thing which happened with regard to the new technical inventions which revolutionized the methods of production. They made their appearance at a time when the old economic order had become disorganized and when moral and religious chaos prevailed. The machine implied possibilities of selfish exploitation and of social usefulness. Which would be chiefly developed, depended on the attitude of the contemporaries of the invention. Anyone familiar with the moral and religious atmosphere of that particular time could have predicted the disastrous turn events actually did take.

How things shaped themselves, is well described by Mr. Maurice B. Reckitt: "The discovery and application of new forms of motive power and, as a consequence, the vast extension of mechanization, have brought about, if not the greatest, certainly the most rapid of all the material revolutions of human society. The moment of its advent was inauspicious, for it coincided with a period when religion as a social force was at its nadir, and men were beginning to set their hearts upon liberty and a nominal equality largely as means of the supplanting of one another. As a result the new machines became primarily the stimulus to an accelerated cupidity, and the mass of men, helpless in competition with the output of these gigantic tools, were harnessed in subordination to their relentless achievements."⁷ The outcome might have been different if the moral and social condition of the age had been more favorable to higher human values and less materialistic and individualistic in outlook. Thus, Professor Walter Rauschenbusch writes: "Then arrived the power-machine, and the old economic world tot-

⁷ *Op. cit.*

tered and fell like San Francisco in 1906. The machine was too expensive to be set up in the old home workshops and owned by every master. If the guilds had been wise enough to purchase and operate machinery in common, they might have effected a cooperative organization of industry in which all could have shared the increased profits of machine production. As it was, the wealthy and enterprising and ruthless seized the new opening, turned out a rapid flow of products, and of necessity underbid the others in marketing their goods. The old customs and regulations which had forbidden or limited free competition were brushed aside. New economic theories were developed which sanctioned what was going on and secured the support of public opinion and legislation for those who were driving the machine through the framework of the social structure. The distress of the displaced workers was terrible. In blind agony they mobbed the factories and destroyed the machines which were destroying them. But the men who owned the machines, owned the law. In England the death penalty was put on the destruction of machinery. Sullenly the old masters had to bow their necks to the yoke. They had to leave their own shops and their old independence and come to the machine for work and bread. They had been masters; henceforth they had a master. The former companionship of master and workmen, working together in the little shops, was gone. Two classes were created and a wide gulf separated them: on the one hand the employer, whose hands were white and whose power was great; on the other the wage-earner, who lived in a cottage and could only in rare and lessening instances hope to own a great shop with its 'costly machinery.'⁸ Though somewhat simplified, this description is essentially true. The age in which the machine was invented did not succeed in refashioning the economic order

⁸ "Christianity and the Social Crisis" (New York City).

in a manner to render the new methods of production harmless and beneficial to the workers as well as society in general. We are able to see the mistake and also the general direction in which the remedy must be sought.

MAN AND THE MACHINE

IF in its extreme and materialistic form the so-called economic interpretation of history must be rejected, there is withal a sense in which it gives pregnant expression to indubitable facts of social development. In this limited sense it can be harmonized with the right concept of man, which does not hesitate to assert the manifold dependence of human nature on material conditions. Though spiritual forces are foremost in directing social and cultural progress, economic factors powerfully influence human life in all its aspects. Modes and methods of production inevitably have their repercussions in all departments of society, and hence we can well speak of the economic foundations of society without thereby subscribing to any materialistic or deterministic doctrine. In some instances economic factors at least temporarily gain an ascendancy which in the nature of things they should not have, and neutralize the religious and moral forces which ought to give basic orientation to human happenings and the shaping of social relations.

With proper reservations we may accept Mr. A. M. Simons' view set forth in the following passage: "Changes in the industrial basis of society—inventions, new processes, and combinations and methods of producing and distributing goods—create new interests with new social classes to represent them. These improvements in the technique of production are the dynamic elements that bring about what we call progress in society."¹ What we would add to this state-

¹ "Social Forces in American History."

ment by way of correction is that the economic factors are of themselves not decisive, but are subordinate to the moral ideals prevalent at the time when they arise. It remains true that any change in the manner of production calls for corresponding adjustments in social relations and gives rise to new moral problems. This applies with particular emphasis to the invention of the machine. The new technique of production resulted in an industrial revolution of unparalleled magnitude, and this in its turn overthrew the existing economic society. The framework of the old society was completely shattered. A new class came into being, that of the proletariat, which the old order was unable properly to assimilate and the existence of which constitutes the problem of our days. The effects of the industrial revolution in the social world were like those of an earthquake. The rebuilding of society on a vast scale was required, but this reconstruction was not undertaken owing to unfavorable moral and religious conditions. The task at the present is not only unfinished, but it has not even been seriously started. That real task is not merely an improvement in the living conditions of the proletarian classes, but a change of social status. The propertyless class must be converted into a propertied class. Moreover, it is not any kind of property which will serve this purpose, but ownership of the instruments of production in that particular department of industry in which the workman is engaged.

Thus, Pius XI writes: "In the present state of human society, however, we deem it advisable that the wage contract should, when possible, be modified somewhat by a contract of partnership, as is already being tried in various ways to the no small gain both of the wage-earners and the employers. In this way wage-earners are made sharers in some sort in the ownership, or management, or the profits."² Precisely, because the modern industrial concern requires the coopera-

² "Quadragesimo Anno."

tion of many workers of different type, this ownership would have to be a form of collective ownership in order to permit all to participate in it. Yet, it would not be communistic, since the plant could be owned in varying degrees by the individual partners in the group. Possibly the term corporative ownership might be preferable. The thing would not be entirely new, but rather a revival and adaptation of corporative ownership as it existed in the guilds of the Middle Ages. Of course, this form of ownership presupposes the establishment of vocational or occupational groups raised to the character of moral and juridical persons and endowed with definite rights. Hence, the insistence of the Holy Father on the reorganization of society along occupational lines expressed in the brief but important statement: "The aim of social legislation must therefore be the reestablishment of vocational groups."³

The existing stock company, the working capital of which is distributed among many small shareholders, does not verify this idea. Corporate ownership in these is purely accidental, and represents, moreover, a species of absentee ownership, since the shares are not necessarily in the hands of the workers but often possessed by outsiders. It may at best be regarded as a transitional stage which may be made to lead to the ultimate goal by certain modifications that will adapt it to the requirements of the new social order.

There are tendencies at work in modern economic society which, if rightly directed, can be made to serve the reorganization of the social order. The first of these is the new labor alignment which abandons the old craft union and for it substitutes the industrial union embracing all the trades engaged in the entire industry. It is not at all impossible that this new type of labor organization may become the germ from which the occupational group will evolve. The second very important tendency in modern industry is the emer-

³ *Loc. cit.*

gence of a new concept which, if recognized, will give an entirely new standing to the wage-earner. *This new concept is that of the job as property.* It does not matter if the new concept is ruled out by the courts. If this is done, it will revive and will not disappear until it receives legal sanction. Now, when the new idea is accepted, there arises between the employer and employe a strong bond of mutual obligation which forms the basis of a permanent and stable social relation. Out of this relation the vocational group will naturally develop. There are far-reaching implications in this new situation, for the right to the job cannot long be maintained without actual property rights in the instruments of production. The present industrial chaos may thus contain the forces which under proper guidance will prove productive of a new order which restores to the dispossessed laboring masses, as Pius XI calls them, the property rights of which they have for so long been deprived.

THE MACHINE OUTGROWS INDIVIDUAL OWNERSHIP

This development in part is due to material or economic factors. When first invented, the machine, though implying for its installation considerable outlay of capital and conferring on the owner no small amount of power, still fitted into a scheme of individual ownership. But the later startling expansion of the industrial plant outran the possibilities of individual ownership. The gigantic size of a modern productive concern with all its subsidiary plants calls for financial resources which no individual can supply and imparts a power which cannot safely be lodged in the hands of an individual. Accordingly, the form of ownership adapted to power production as it exists as the result of technical progress is associative ownership by the productive group embracing the workers as well as the managers of the enterprise. Patently, this corporative or associative ownership bears all

the earmarks of private ownership, though it differs from individual ownership. For this form of ownership we find warrant in the explicit words of Pius XI, who writes: "For it is rightly contended that certain forms of property must be reserved to the State, since they carry with them an opportunity of domination too great to be left to private individuals without injury to the community at large."⁴ The Catholic doctrine concerning property insists again and again on the essential restrictions which go with this right and in many ways limit it. This doctrine excludes neither corporative nor State ownership of certain things.

Hence, we may legitimately conclude: there are things which individuals may own without any danger to the common welfare; there are other things which are best owned by the State because the likelihood of abuse in private hands is well-nigh unavoidable; but between these two lies a category of things which, though too big for individual ownership, yet do not call for State ownership. These should be owned by groups in some way related to them, namely, by associations of a functional character. Moreover, this associative or corporative ownership should not be modelled after the communistic pattern but evolved along distributive lines. Of such a transformation of industrial ownership there can be no question until those entities, the vocational groups in which it is to be vested, have come into existence. It is in the best interests of society and human well-being that such groups be formed with all possible speed in order that they may take over the ownership and management of industrial machinery which otherwise will fall into the hands of the State. The further development of productive concerns to colossal dimensions will render individual ownership unacceptable; it will then be superseded either by a new form of corporative ownership or by outright collectivism and communism. Inherent economic trends force this alternative upon

⁴ *Loc. cit.*

society; it is the correlative of the enormous size to which the productive plant has grown in some branches of industry. To this point we may travel with economic determinism, readily admitting that technical advance may call for ethical readjustments, but then comes the parting of the ways, because which side of this alternative shall take effect is a matter of choice. Society can devise a modified form of private ownership which will render industrial technique innocuous, because property is not an absolute category but historically conditioned. Marxian determinism tells us that technical development terminates in socialism or communism with fatal inevitability. The truth, however, is that it makes the capitalistic and liberalistic concept of absolute property inapplicable, and demands the substitution of a more humane idea of private ownership which gives expression to the social obligations inherent in property.

The demand for a revision of the concept of property more in harmony with modern industrial development is in perfect accord with the Papal Encyclical in which we read the following pertinent passage: "History proves that the right of ownership, like other elements of social life, is not absolutely rigid, and this doctrine we ourselves have given utterance to on a previous occasion in the following terms: 'How varied are the forms which the right of property has assumed! First, the primitive form used among rude and savage peoples, which still exists in certain localities even in our own days; then that of the patriarchal age; later came various tyrannical types; finally, the feudal and the monarchic systems down to the varieties of more recent times.' . . . However, when civil authority adjusts ownership to meet the needs of the public good, it acts not as an enemy but as the friend of private owners; for thus it effectively prevents the possession of private property, intended by Nature's Author in His wisdom for the sustaining of human life, from creating intolerable burdens and so rushing to its

own destruction. It does not therefore abolish, but protects private ownership, and far from weakening the right of private property, it gives it new strength.”⁵

There have, then, in the past been changes in property concepts and ownership rights in order to meet changing conditions in the economic life of society and in the modes of production. Since the industrial revolution of our age in its effects on economic relations has been of an unparalleled magnitude, it stands to reason that it must be the occasion of drastic changes in property concepts and in the laws which regulate ownership. The rules which govern a predominantly handicraft economy cannot possibly be the same as those that are to regulate a system dominated by large business combinations of which former generations could not have the faintest notions. A property concept well adapted to a pre-machine order cannot possibly work smoothly in an industrial system in which machine production is the outstanding feature. For property is the focal point towards which many human relations converge and in which they intersect. Accordingly, if the content of property changes, the human and social relations which depend thereon cannot remain unaffected. We may recall to mind that the manner in which property is held is pivotal in social organization and impresses upon it its specific character.

EFFECTS OF MACHINE PRODUCTION

Machine production has powerfully affected human society: it has changed the relation of the worker to the instruments of production and the relation of the worker to the employer; it has taken the ultimate product of labor out of the hands of the laborer; it has led to a minute division of labor by splitting up the process of production; it has brought about a complete dependence of the worker on the

⁵ *Loc. cit.*

machine; it has created an army of unskilled workers; it has given rise to mass production. Each one of these effects in its turn has resulted in a new social problem. With these various problems modern society is grappling, but not one of them has as yet been adequately solved. We might appropriately say that the machine has not yet been completely assimilated by the social organism. It still is a foreign element, and as such a source of disturbance.

Mr. Lewis Corey sets forth in summary fashion the revolutionary effects wrought by the introduction of machinery. "The progressive realization of the technical function of machinery," he writes, "completely revolutionizes the relations between labor and production (and social relations in general), a socio-economic development which increasingly conditions the nature of machinery. The creation and improvement of tools emphasized the primacy of labor in production by multiplying its skill; technology was essentially an accumulation of manual skills in the operation of tools. Machinery transfers skill to the machine, subordinating the worker to the mechanical equipment of production; technology becomes essentially an accumulation of engineering skill and of machines and processes which tend to reduce the relative importance of manual skill." ⁶ The writer touches on the very heart of the problem when he remarks that the primacy of importance passed from labor to the machine. Man was overshadowed and eclipsed. Industry was depersonalized. On the basis of machine industry a new economic philosophy arose which was no longer concerned with the needs of man but with the needs of industry. Industry became an end in itself. It had to be kept going irrespective of any relation to society. In fact, society had to be subservient to industry, and from the standpoint of industry the only purpose of society was to offer opportunities for the consumption of an ever-increasing production of goods. At the

⁶ "The Encyclopedia of Social Sciences" (New York City).

same time society also had to furnish cheap labor in order to make machine production ever more profitable. Everything, the whole social process, revolved around the machine. Accordingly, not only the primacy of labor has disappeared but the primacy of man likewise.

Depersonalization progressively entails dehumanization, de-spiritualization, and ultimately de-christianization. In fact, it terminates in a species of practical atheism which eliminates from economic life both moral values and moral laws. Indeed, it is nothing less than implied atheism to assert that in any sphere of life there exist necessities which have precedence over the laws of God and nullify the intentions of a Divine Providence. Such was the economic philosophy born out of the individual revolution. Small wonder, then, that sociologists speak of the irreligious character of our social life. Thus, Dr. Charles A. Ellwood writes: "The third thing which is needed for the proper reconstruction of religion is the perception of the essential paganism and barbarity of our present civilization. . . . The trend in Western civilization as a whole for several years immediately prior to the breaking out of the Great War was unquestionably away from Christian ideals."⁷ The reason of this irreligious trend was the invasion of society by industrial values and the surrender to what were called economic needs and economic laws. Here we have an instance of an economic determinism which must be challenged in the name of truth. Classical economic philosophy and our industrial policies are the outcome of an economic situation which they are devised to justify. They are rationalizations pure and simple. Christianization of the social order, therefore, must consist above all in an attack on this false, utterly worldly, irreligious, and atheistic philosophy. Even at this stage, however, many Christians have not yet grasped this atheistic import of modern

⁷ "The Reconstruction of Religion. A Sociological View" (New York City).

economic teaching. They still are satisfied with peripheral reforms of a thing which is at heart anti-Christian.

This is the contention of Mr. Maurice B. Reckitt who writes pertinently: "If this character of atheism be discerned behind the familiar façade of everyday assumption, Christian opinion, personal and corporate, may awake to the necessity of redefining far more sharply and distinctively the frontier between the Church and the 'world.' . . . Modern thought increasingly inclines to revolve round the problem of fitting men to economic assumptions rather than to apply itself to any effort to relate these to the needs and true destiny of man. Our very colloquialisms are revealing; therein we find non-human forces take on human attributes. Money talks; machines call out to be fed; the industrial system demands of us this and that. In particular, it would seem that system demands for its impersonal ends the subduing and the distortion of human personality. The prevailing technique of industrialism, with all its hideous relentlessness of noise, of strain, of inescapable routine, becomes for us the norm to which the spontaneous and the volitional nature of man must somehow learn to conform. Perhaps it is natural that after more than a century of those mills, which seemed to the unclouded vision of Blake so dark and satanic, we should have come to take for granted the continuous subordination of the human to the technical in the cause of industrial progress. Yet, to do so without question and without effort at redress is surely to make for ourselves an idol of the machine, to take a devouring Moloch for our god."⁸ Unchristian and inhuman though it be, that is the mentality which inspires the economic thinking of the modern industrialist. How much more in harmony with the Christian concept of human dignity is the sentiment bluntly expressed by Mr. Chesterton: "If soap-boiling is bad for brotherhood, it is soap-boiling that must go, not brotherhood!"

⁸ "A Christian Sociology for Today" (New York City).

THE TRAGEDY OF THE MACHINE

TO understand rightly the problem of the machine and avoid in the evaluation of technical development both an unwarranted optimism and an equally unjustifiable pessimism it is imperative to bear in mind that all human progress has to be purchased at a price and is obtained only at the cost of great sacrifices. The road of human advancement is a rough as well as a circuitous road. Before mankind reaches the land of promise, it must like the Israelites pass through a wild desert in which it learns to adapt itself to the new life and acquires the moral ability to use the new improvements without detriment to itself. Material progress to be truly beneficial presupposes a corresponding moral adjustment which, however, cannot be brought about without a period of apprenticeship. If we stand on higher ground, we are enabled to appreciate this otherwise perplexing fact, for then we realize that human history is intended to be an educative process by which man gradually rises to higher spiritual levels. Hence, every beneficent gift is also a task and carries with it a challenge. If we settle down passively to enjoy the gift without thinking of the moral demands which it embodies, it turns into a scourge and a curse.

This holds good of the individual as well as of society. When material progress outruns moral progress, the results are disastrous. But the resulting evils themselves are the spurs to hasten the lagging moral development. If we take this view, we can read a meaning into the tragic consequences that have come in the wake of improved methods of pro-

duction and discern the lesson which they are supposed to teach. Society has abundantly reaped the evil fruits of the machine, and its eyes are beginning to open to the possibilities for good that have been so far overlooked. The machine calls for a reconstruction of the social order in virtue of which all can benefit by the advantages of a tremendously increased productiveness of human labor. We are approaching the happy day when the magnificent promises of machine efficiency will at last be realized. Moral and social progress is slowly catching up with industrial development. For we do not subscribe to that defeatist philosophy which holds that man will ever get into an impasse from which he cannot extricate himself, or that his technical inventions must eventually and fatally prove his undoing. The machine is not a monster that turns in destructive fury on its inventor, but to fit it into the social context taxes human ingenuity and tries the moral character of men.

Parenthetically, we may here examine the question why it is that material and moral progress do not synchronize, and that the former usually is so far ahead of the latter. The explanation is to be found in man's essential constitution, on account of which he is more at home among the things of the senses than those pertaining to the spirit. Reflection follows on activity, and slowly he becomes aware of the moral and spiritual implications of a new situation which his external activity has created. The moral import of the changed order impinges on his consciousness with a fainter insistence, and only when the moral evils have taken on a definite shape do they fully arouse his attention and stir his conscience.

It is then that he begins to look around for a moral pattern to impose on the new conditions which have arisen. Meanwhile conditions become fixed and acquire a certain stability so that it is difficult to change them. To contemporaries the evil drift of a situation does not disclose itself. The fruits have to ripen before we can recognize their deadly

character and infer the evil nature of the tree that bears them. Looking back we can readily perceive fatal tendencies which were hidden to those who went before and could not survey things from the vantage point of experience.

The tragedy of the machine consists in two anomalies which characterize the present-day economic order and which frustrate the good effects that power production should have bestowed on society. Precisely because our existing condition might be otherwise, we speak of it as tragic. Tragedy arises where by reason of some fault the possibilities of good are thwarted and perverted into evil. Now, the machine could have done no end of good, and instead it has been the cause of much evil. The first anomaly, inherently tragic, can be stated as follows: whereas machine production has created plenty, it has not abolished want. The second anomaly, no less tragic because also a distortion of an essentially good tendency, we set forth in these terms: whereas the machine should have improved the quality of labor, it has in reality degraded labor and the laborer.

These two tragic and anomalous effects are clearly analysed and vigorously described by Pope Pius XI. To the paradox of want in the midst of plenty the Pontiff refers in the following words: "Towards the close of the nineteenth century the new economic methods and the new development of industry had sprung into being in almost all civilized nations, and had made such headway that human society appeared more and more divided into two classes. The first, small in numbers, enjoyed practically all the comforts so plentifully supplied by modern invention. The second class, comprising the immense multitude of workingmen, was made up of those who, oppressed by dire poverty, struggled in vain to escape from the straits which encompassed them."¹ The puzzling and tragic aspect of our situa-

¹ "Quadragesimo Anno."

tion is this contrast of vast poverty against the background of tremendous productiveness.

The essential purpose of the machine was nullified and its natural capacity for increased production rendered ineffectual in so far as society in general was concerned. For many, in this economy of plenty things remained as they had been in the economy of scarcity; no noticeable advantage accrued to them from the invention of the machine. It may even be claimed that in many respects their condition became aggravated, for work was robbed of its more satisfying features and reduced to a function which afforded no opportunity for truly human development. This also Pius XI tersely describes in a memorable sentence: "And so bodily labor, which was decreed by Providence for the good of man's body and soul even after original sin, has everywhere been changed into an instrument of strange perversion: for dead matter leaves the factory ennobled and transformed, where men are corrupted and degraded."² This passage may be regarded as classical and worthy of repetition.

With no fear of incurring the reproach of overstatement we may, therefore, say that the history of the machine up-to-date is one of tragic frustration.

THE ECONOMIC MUDDLE

If we wish to emerge from our present untoward economic situation, we must thoroughly understand its contradictory and irrational features, for nothing but a real grasp of the involved state of affairs can show us the way out of the perplexing dilemma. False economic theories have added to the confusion, and these will have to be discarded if we wish to see clearly and get to the heart of the problem. Very simple truths which in normal conditions would appear as the merest truisms must be restated and strongly emphasized,

² *Loc. cit.*

because the modern economic world has completely lost sight of them and almost rendered itself incapable of appreciating them at their real value. The utter incongruity of our economic muddle fails to startle those who are imbued with the principles of traditional economics, and they cannot see how preposterous it looks to the man of common sense.

Let us try to express our dilemma in a brief formula which will bring out in bold relief its essential absurdity and its callous inhumanity. Such a formula might read like this: On account of its superior productiveness the machine makes the work of great numbers of men superfluous; but the only title to the necessities of life which these men have is work; consequently they must suffer want because their work is not required. Since, however, it is really man who produces by means of the machine, the situation becomes even more absurd, because he will amend the formula in accord with this fact and make it read: The more productive man's work becomes, the less will it be able to supply him with the goods which he needs. There is a radical flaw in the working of our entire economic machinery if it results in such a logic.

The new social problem before modern society is how to distribute the output of an immensely productive world.³ The solution of this problem calls for a reconsideration of the existing ways of distribution and their adaptation to the increased productiveness of industry. If the machine can produce the goods necessary for society with less work, then it follows that man should receive what he requires for his maintenance for less work than he formerly had to perform. The released energy should appropriately be devoted to the pursuit of other activities of a cultural nature. In that case the machine, instead of enslaving man, would truly free and emancipate him. It must not be forgotten that the machine

³ "Religion and Economics," in *The New Age* (July, 1930).

earns for man, and that this earning capacity has so far been appropriated by a few and not been properly distributed throughout society. In this connection a new and felicitous phrase has been coined, namely "the wage of the machine." This so-called wage of the machine does not belong exclusively to the capitalist, but, since it is in a way a social product, should go to the members of the community. It is a species of "communal inheritance" by which all should become enriched and in which all should participate. This presupposes the elaboration of a new philosophy of work and employment which will fill these concepts with a new content fitted to an order in which the machine has largely supplanted the worker and made employment difficult to obtain. Old habits of thought stand in the way of such a reorientation.

Thus, Mr. Maurice B. Reckitt rightly observes: "We are still accustomed to base our thinking upon assumptions and ideas which derive whatever validity they may have from the facts of an old age when the main obstacle to man's material well-being was scarcity, and a large part of his problem, therefore, the finding of enough workers to overcome this. Our social hypotheses and our monetary principles alike perpetuate a disastrous confusion between industry regarded as the means of supplying economic needs and as a system happily contrived to keep people employed. But these two things—the one a purpose, the other historically a consequence of that purpose—have no essential or eternal connection in reality. Their continued connection in practice is largely bound up with the assumption that the distribution of purchasing power ought to be (as in recent centuries it almost inevitably has been) bound up with the volume of employment. But if science, invention, power production, and the more rational forms of rationalization continue to diminish employment—as they logically should and actually do—then, if we cling to our 'ought' as an irrefragable moral

principle, we must resign ourselves to an alarming diminution of the volume of purchasing power; alarming not only to the consumers robbed of the power to make real demand effective, but to producers who see their plant brought to a standstill by the destitution of consumers.”⁴ This is the employment fallacy which led to industrial overexpansion and terminated in disaster, for neither employment nor production nor consumption can be increased indefinitely. Of this obsession of employment we must purge our economic thinking.

There is a passage in the Encyclical of Pius XI which seems to follow this identical line of thought. It also refuses to make life hinge on employment as modern economics would do. True, it is penned in refutation of the socialistic theory of value, but it can be given a much wider interpretation. The Holy Father writes: “In this connection it must be noted that the appeal made by some to the words of the Apostle: ‘If any man will not work, neither let him eat,’ is as inept as it is unfounded. The Apostle is here passing judgment on those who refuse to work, though they could and ought to do so; he admonishes us to use diligently our time and our powers of body and mind, and not to become burdensome to others as long as we are able to provide for ourselves. In no sense does he teach that labor is the sole title which gives a right to a living or to profits.”⁵

OUR SOCIAL PARADOX

How fundamental social reconstruction must be in order to meet the requirements of justice and even to satisfy the ordinary demands of common sense, how completely we must recast traditional economic concepts to make them fit into the present system which can produce a maximum of

⁴ “A Christian Sociology for Today” (New York City).

⁵ *Loc. cit.*

goods with a minimum of labor, and how drastically we must modify the mechanism of distribution devised for a society in which human labor was the prime factor in the creation of material wealth and accordingly constituted a very effective title to a livelihood, will be brought home to us with increasing force as we survey the paradoxical character of our modern society. To dwell on this matter is, therefore, not nugatory but an essential prerequisite to spur us on to determined efforts of reform.

We may picture modern capitalistic society saying with genuine compassion to the multitudes: "We cannot give you food because we cannot give you work; and we cannot give you work because an abundance of food can be produced without your work. If there was less food you would be better off, since then we would need your work. You have to go without food because there is too much of it. Abundance is your enemy. We have no way of putting you in contact with the goods which exist. Incidentally, we also suffer by this situation, for our business has come to a halt and profits have ceased."

Some quotations which throw a glaring light on this paradoxical state of affairs will here be in place. They will provide ample food for thought and by their pointed manner of presentation make us see contrasts and contradictions which otherwise might elude our attention. That we feel a real heart-throb in these quotations is entirely to the good, for traditional economics has always shown itself indifferent and insensible to human misery and suffering.

Mr. H. G. Wells, writing in the *Sunday Express* on April 5, 1931, says: "I suppose today there is more want and worry in the world than there has been for many years. We are going through a bad time. This is as true of America as it is of the Old World. Increasing multitudes of people are out of work, and they do not know how to get work. At a higher level of social fortune people are distressed by loss of capital,

and by a deepening sense of insecurity. A creeping paralysis seems to have come upon business. And we are all together in not having any clear ideas of just what has brought about this situation and how it is going to turn out. It is a very paradoxical situation. In the world now there is more than enough to give every soul alive a reasonable life. There is too much corn—it can't get sold; too much wool, too much cotton, too much rubber, too much iron and steel and copper and tin, and so on and on. We have all the stuff we could ask for. And more. But on the other hand there are swarms of underpaid or unemployed folk who can't use up these things because they have no money. There is the stuff and they can't touch it. On the one hand plentiful supply, on the other urgent need—and a mysterious inability to bring them together. That's a fantastic paradox of work and business today."

The height of folly and inhumanity is reached in the following item appearing in the *Daily News* of August 8, 1929: "The only hope for many of our industries lies in improving their methods of production, which in practice means securing a bigger output with less labor. Thus, from an industrial point of view, we want fewer, not more people." Illuminating also is the following: "With two months of the wheat year past, the probabilities for the rest of the season can now be seen more clearly. They are *distinctly encouraging*. The weather over most of Northern Europe during August and September has been *as bad as it could be* for the harvest. . . . Reports have come in at one time or another since the beginning of August announcing loss and deterioration of crops" (*Financial News*, September 29, 1931).

After this we need not be surprised that in our own country destructive policies have been advocated and carried out for the purpose of raising the general price level of food stuffs. Plainly our economic life is moving in a vicious circle. Mr. Eimar O'Duffy summarizes the situation and emphasizes

its paradoxical nature in the following excerpt: "It is abundance, then, that is the cause of unemployment, and, through unemployment, of poverty. Every mechanical device invented by man, every scheme of industrial reorganization for the economizing of time and labor, throws men out of work while increasing the general resources of the community. The very bounty of nature has the same effect, a bumper crop of wheat or fruit in any part of the world being regarded as a calamity by all who live by the toil of cultivation. Unemployment began, in fact, the very first time a man used a sharp flint for a tool instead of his naked hand. But of course it was not then a problem. The problem at that time was the other way round: that is to say, not to find oneself work, but to get oneself a sufficiency of goods without having to spend one's whole life working for them. Unemployment only became a problem when the displacement of human labor by machinery began to deprive large numbers of men of their only recognized means of livelihood."⁶

In view of the facts with which we all are familiar, Lord D'Abernon is right when he says: "The economic crisis which today oppresses the business world is the stupidest and most gratuitous in history. All essential circumstances—except monetary wisdom—favor an era of commercial prosperity and well-being. Crops are more abundant than ever before, science has developed production beyond all precedent, inventiveness has discovered new processes of industry, increasing the power of man over nature and enabling him to produce more at less cost. . . . But the incapacity to adjust vehicle to burden and means of payment to requirements has brought about a crisis, so that many are starving in a world of plenty, while all are oppressed with a sense of depression and of incapacity to meet the situation. The explanation of this anomaly is that the machinery for handling

⁶ "Life and Money" (Putnams).

and distributing the product of labor has proved quite inadequate" (*Manchester Guardian*, December 23, 1930).

Commenting on the tendency of the machine to displace workers and thus to expose them to want, another writer says: "It is a kind of nonsense to say that a process which makes the world richer must inevitably make thousands of individuals poorer. That may be its immediate result; it cannot really be its ultimate result." It should not even have been the immediate result. But a situation so lamentably illogical cannot possibly right itself automatically.

CHRISTIAN CORPORATISM

IT is of special significance that Pius XI in his Encyclical, "Divini Redemptoris," which deals mainly with a very urgent situation of the moment, nevertheless does not deem it idle to make explicit reference to the corporative reconstruction of society, though one might be inclined to think that at the present and in connection with the subject under discussion the question of a remote reorganization of the social order by means of vocational groups would have but slight practical value and relevancy. Manifestly, it is the opinion of the Pope that this point has an immediate bearing on the pressing problems of the hour, and therefore deserves a place even in a discussion which treats of remedies to be applied to the actual and threatening evils of the day. The wording of the passage containing the reference plainly indicates that it is inserted on account of its immediate pertinence. The fact is that ultimate and seemingly distant goals have a more direct influence on immediate and practical measures in all issues of private and social life than is usually supposed.

The manner in which we try to relieve existing social evil calling for undelayed redress is really dictated by the concept which we have formed of the nature and purpose of society. Proposals of reform take their general character and coloring from the ideological background against which they are seen. It is the social perspective which counts and tells in the choice of the immediate measures. On this perspective depends the entire orientation of practical policies, though this may not be apparent to the superficial observer. Policies

have their roots in corresponding creeds. Social policies emanate from social creeds and receive from them their direction and complexion. Fundamentals, in spite of their abstract character, are of paramount and vital importance.

Accordingly, Pius XI in this very concrete and practical exposition of the ways to combat the menace of communism touches on a question of principle. The ultimate viewpoint is the essential thing. We cannot effectually remedy social wrongs until we have a clear perception of what is socially right, for in all our remedial activities we must be guided by the picture of what society really ought to be. Without a definite pattern of the social ideal before our mind we grope in the dark and can at best only pursue a shifting course of opportunism; singleness of purpose and consistency will be impossible. Hence, even at a time when everybody clamors for immediately practical measures to meet intolerable abuses, it is not futile but rather eminently practical to keep in mind and to emphasize the ultimate end of social life, for it is the concept of the nature of society which from the very outset shapes policies and produces sharp lines of cleavage. Where there is no clear vision of an aim, a measure adopted may easily lead to the result which we wish to avoid. There is an inherent trend to some social ideal in all schemes of economic betterment, but this tendency can only be recognized in the light of basic concepts.

The floundering and inconsistency which mark our present-day dealing with the economic situation are precisely due to this absence of an ultimate goal which makes a definite orientation impossible. We do not wholeheartedly subscribe to any government policy, because we are not sure in which direction it may lead. Hence, there is a general distrust and fear lest some specific measure involve communistic or dictatorial implications. From the same source flows the uncertainty of the administration and the quick changes of attitude in official circles. They do not know where they

want to go and consequently they are doubtful even of the next step, because the next step would commit them with respect to the direction in which they are travelling. Practical social politics, if it is not to degenerate into dangerous opportunism, which settles nothing but leaves the door open for all possibilities, requires a declaration of basic principles.

The Papal program furnishes such a declaration, and therefore we can convince ourselves that the ultimate outcome of the reform measures which it embodies will be neither a dictatorship of the proletariat nor state capitalism. The aim contemplated is the Corporative State which has a very distinct entity. All proposals of reform are adjusted to this particular goal, and they cannot carry us away in any other direction. If we commit ourselves to this program, we are not drifting on uncertain currents but steering a steady course in a well-defined direction. Such clear recognition will prevent the adoption of one-sided policies which favor unduly one social factor and forget the common good.

The Corporative State, by the very fact that it fits all economic and social factors into an organic structure aiming at the welfare of all, provides for the legitimate interests of the separate elements and safeguards the common good. It excludes the establishment of a labor dictatorship as well as the domination of capital, since no kind of dictatorship fits into an organically constructed society. It does not subordinate labor to capital nor capital to labor, but it subordinates both to society. This remote social outlook gives a special imprint to all social policies and constitutes the criterion by which their dangerous or useful character can be judged.

Before studying disease the physician studies the healthy body. In like manner the social physician must know the nature of a healthy social organism before he can prescribe a cure for the existing social ills. This, however, is the very thing which so many modern social prophets forget, and so it happens that what they offer as remedies are often far

worse than the disease. Too close a preoccupation with social disease has blinded them entirely to the nature of social health. This method of procedure must prove disastrous. As a matter of experience, it has resulted in grotesque remedies which instead of curing the social organism really completely destroy it. Of this false method of approach G. K. Chesterton writes scathingly as follows: "Now we do talk first about the disease in cases of bodily breakdown; and that for an excellent reason. Because, though there may be doubt about the way in which the body broke down, there is no doubt at all about the shape in which it should be built up again. . . . That is the arresting and dominant fact about modern social discussion, that the quarrel is not merely about the difficulties, but about the aim. . . . I maintain, therefore, that the common sociological method is quite useless. The only way to discuss the social evil is to get at once to the social ideal. We can all see the national madness; but what is national sanity? I have called this book 'What Is Wrong with the World?' and the upshot of the title can be easily and clearly stated. What is wrong is that we do not ask what is right."¹

WHAT IS RIGHT?

It has been said that the portion dealing with the restoration of vocational groups constitutes the heart of the Encyclical, "Quadragesimo Anno." This is true, for it is only a society vocationally organized which verifies the Catholic social ideal and renders permanent and effective whatever is done for social betterment. Until we have a Corporative State which organizes the social groups according to the function they perform and integrates them in a hierarchical whole the aim of which is the common good, there can be no cooperation, no real order, no genuine social service, no sta-

¹ "What's Wrong with the World?" (Dodd, Mead).

bility and no general prosperity which can be shared by all in varying degrees according to the dictates of justice. Only an organism, or what on the human and rational level corresponds to an organism, can at once provide adequately for the whole and for the parts. Corporatism, therefore, is the only solution of the social question, since corporatism makes social service possible without destroying the individual (as does happen in Communism) and without the use of compulsion (as would be the case in every form of dictatorship).

Thus, we can understand why Pius XI, as it were, goes out of his way in his Encyclical on Communism to stress the need of vocational groups, incorporated in the structure of society, as the only way out of social strife and economic misery. He is well-advised when he writes: "If, therefore, we consider the whole structure of economic life, as we have already pointed out in our Encyclical 'Quadragesimo Anno,' the reign of mutual collaboration between justice and charity in social-economic relations can only be achieved by a body of professional and interprofessional organizations, built on solidly Christian foundations, working together to effect, under forms adapted to different places and circumstances, what has been called the Corporation."

The corporations which Christian Corporatism has in mind must not be understood as arbitrary or artificial groups representing certain private or collective interests, but as necessary organizations growing out of the exigencies of society and fulfilling an indispensable function in the social body. They will arise naturally in response to need. Whilst the State does not call them into being, it is its duty to foster and develop them so that they may be protected in their rights and thus enabled to render to the community the service for which they exist. Accordingly, Pius XI says: "It must, therefore, be the aim of social politics to reintroduce the vocational groups."²

² "Quadragesimo Anno."

The corporations envisaged by Christian Corporatism are not political organizations, and thus the term, "Corporative Society," seems preferable to the designation, "Corporative State." The distinction is of great importance, because the modern State seeks to make itself coextensive with society and to absorb all social activities. Neither Leo XIII nor Pius XI has the slightest intention of handing society over to the State, but both take great pains in vindicating the rights of society against encroachment on the part of political power. The corporations are not instruments of the State, but spontaneous expressions of social activities which exist prior to the State and which, whilst entitled to the protection of the State, retain an existence and autonomy of their own. These corporations, the very essence of which is organization for social service, can be fitted into any kind of political system except the Totalitarian State. Externally the corporations of totalitarianism may resemble those advocated by the Christian social school, but there is nevertheless between them an essential difference.

Dr. Luigi Sturzo tries to show the lines of demarcation between the corporation conceived after the political pattern and that planned in the spirit of Catholic social philosophy. After describing the political corporation he contrasts it with the Catholic idea and says: "Leo XIII, on the contrary, laid down that the State should 'protect such societies . . . but let it not interfere in their internal government, nor touch the inward springs which give them life, for vital movement proceeds essentially from an intrinsic principle, and can very easily be quenched by the action of an outside cause.' The corporations to which he and his successors refer, and which were envisaged and upheld by Catholic economists and sociologists, are based on the principle of an essential autonomy, not in conflict with the State, but on the other hand not politically, administratively or functionally dependent on it, or rather on the government. In 'Quadra-

gesimo Anno' there is a passage that, while necessarily cautious, is very clear for anyone who reads it with thought: 'But in order to overlook nothing in a matter of such importance, and in the light of the general principles stated above, as well as those shortly to be added, we feel bound to say that to our knowledge there are some who fear that the State is substituting itself in the place of private initiative, instead of limiting itself to necessary and sufficient assistance. It is feared that the new syndical and corporative organization tends to have an excessively bureaucratic and political character, and that, notwithstanding the general advantages referred to above, it ends in serving particular political aims rather than in contributing to the initiation and promotion of a better social order.'"³

Corporatism applies the idea of organic structure to human society. Hence, in a corporate society not everything is directly regulated from one center, but there exist subordinate centers which possess a relative self-sufficiency and autonomy. The central direction is not concerned with the several functions, but with their proper harmonization. Each function by its very nature redounds to the common good, and becomes harmful only when it exceeds the prescribed limits. The control proceeding from the center is, therefore, mostly of a limiting, restraining and regulating character. It would have to intervene directly in the particular sphere of activity assigned to each organ only if this should break down entirely.

When we call society an organism, we are using a figurative manner of speech, but the figure is nevertheless very helpful and sheds much light on the nature of social activity. The visual organ, for example, constitutes an arrangement well marked off from all other sense organs, but it is inherently destined for the good of the entire organism. The

³ "Corporatism: Christian, Social and Fascist," in *The Catholic World* (July, 1937).

eye does not see for itself but for all the members and for the whole organism. In its turn it receives from the organism, whose good it serves, all that is necessary for its being. With some allowance for obvious differences we can apply this to human society. There is the function of production, and a definite class or group which serves this social need. The producer does not produce commodities for himself; in fact, most of them are for purposes of exchange, which means that they are intended for the good of society. The producing group has needs of its own which are catered to by similar groups identified with some other useful function. When we have real corporative organization, all activities are organized for service in such a manner that the individuals belonging to a particular service group realize this purpose whether they consciously and deliberately accept it or not. Of course, this implies in a community of individuals and persons who are bent on private interests a limitation and restriction from without. The function is socialized, and because of this socialized structure it cannot be perverted to private and selfish ends. That is the meaning of the vocational or occupational group. The idea manifestly carries with it the necessity of internal restriction within the group and external regulation emanating from the central agency to which the responsibility for the common welfare is entrusted.

In the Corporative State, as it is envisaged by Catholic social philosophy, the public government does not do everything, but leaves to the organized groups all that can be accomplished without direct reference to the common good. This arrangement is beneficial for all concerned, since it economizes effort and safeguards liberty. It leaves a wide range both to the various groups and to the members comprised in the groups. In the Corporative State the ideal of service can be realized without the suppression of individuality and private initiative.

THE EVIL OF INDIVIDUALISM

At present we have nothing which even remotely resembles the truly corporative society. Organization and cooperation we have, but it is for the sake of private interests, whether these be individual or collective. The social outlook has completely vanished. Organizations of capital are for the benefit of capital and frankly directed against the interests of labor. Labor organizations, on the other hand, are exclusively devoted to the interests of labor and opposed to the interests of capital. All industrial combinations are directed against someone, because our social and economic system is not built on corporative lines but on a competitive—which is tantamount to an individualistic—basis. It stands to reason that, where such conditions obtain, conflict is inevitable. To this our entire recent industrial history gives eloquent testimony. Rightly, therefore, the Holy Father speaks of the evil of individualism, which has so destroyed the organic character of society that barely a vestige of it survives. It is hard to find even a germ that might possibly be developed into a genuinely social group. The reconstruction of society, therefore, has to start practically from the very beginning. In this upset condition of things the State has to assume a task which under normal circumstances would not belong to it. It has to remake society. It is a gigantic task and one in the execution of which considerable blundering may be expected. Withal, there is no other agency immediately available to which the task could be assigned and which could make order emerge from the present universal social and economic chaos.

To the State, therefore, Pius XI addresses his urgent appeal to take upon itself the arduous work of social reconstruction. "When," he says, "we speak of the reform of the social order, it is principally the State we have in mind. Not indeed that all salvation is to be hoped for from its interven-

tion, but because on account of the evil of Individualism, as we have called it, things have come to such a pass that the highly developed social life which once flourished in a variety of prosperous institutions organically linked with each other has been damaged and all but ruined, leaving thus virtually only individuals and the State. Social life has lost entirely its organic form.”⁴

Of course, the State, in the mind of the Pope, itself first of all needs reform, for it is the State which has been the cause of the destruction of this manifold organic social life and has arrogated unto itself functions which do not fall under its competence. This connotation of the passage is not unfrequently overlooked, and as a consequence the thought of the Pope has been misconstrued. Concerning the full meaning we quote the following remark: “This is one of the passages to which we have repeatedly called attention as being misleading in the English translation. The original text reads to this effect: ‘When we come to treat on the reform of institutions, we first of all think of the State (as being in need of reform).’”⁵ The false direction of development which the State in recent times has been following ends logically either in totalitarianism or communism, both of which represent the antithesis of the true corporative society inasmuch as they themselves take over all social activities and make every existing corporation a mere instrument of the government.

Pius XI has in view a reversal of policy and a development in the opposite direction. He calls for a restoration of the social groups which have been divested of their legitimate status and reduced to utter insignificance. Accordingly he says: “The State, which now was encumbered with all the burdens once borne by associations *rendered extinct by it*, was in consequence submerged and overwhelmed by an

⁴ “Quadragesimo Anno.”

⁵ “We Have No Program,” in *The Guildsman* (June, 1937).

infinity of affairs and duties. It is indeed true, as history clearly proves, that owing to the change in social conditions much that was formerly done by small bodies can nowadays be accomplished only by large corporations. None the less, just as it is wrong to withdraw from the individual and commit to the community at large what private enterprise and industry can accomplish, so too it is an injustice, a grave evil and a disturbance of the right order for a larger and higher corporation to arrogate to itself functions which can be performed efficiently by smaller and lower bodies. . . . The State should leave to these smaller groups the settlement of business of minor importance. . . . Let those in power, therefore, be convinced that the more faithfully this principle be followed, and a graded hierarchical order exist between the various subsidiary organizations, the more excellent will be both the authority and the efficiency of the social organization as a whole and the happier and more prosperous the condition of the State." ⁶

⁶ "Quadragesimo Anno."

THE ESSENCE OF CORPORATISM

CORPORATISM does not mean cooperation or organization of any kind for individual or collective purposes, but organization for the common good. It, therefore, lifts cooperation to its highest plane, and whilst transcending private interests embraces them in a more comprehensive unit. It is not directed against anyone nor does it conflict with any real rights, and for that very reason it is opposed to Liberalism with its doctrine of unlimited and absolute rights. It can be properly fitted only into the Catholic scheme of social philosophy, which demands that the individual duly contribute towards the common welfare but also that he benefit by the common prosperity. Genuine corporatism presupposes a moral basis, since it requires essential limitation of rights in accord with human ends, mutual helpfulness, coordination and subordination, surrender of purely selfish aims and sacrifice for the sake of others and the community. Our age has little relish for requirements of this kind, and hence is unable to grasp the full meaning of corporatism. Before there can be any real understanding of the true nature of the corporate society in which men bind themselves willingly to mutual service, the modern mentality must be entirely remade.

It is not surprising, then, that among us the idea of corporatism has found little resonance and gained no popularity. The strict discipline which it involves, the severe restrictions on private activity which it necessarily must impose on all members of society, is not at all to the liking of those

who have been brought up in traditions of absolute economic liberty and strongly resent any interference with what they consider their private affairs. Even those who strenuously defend the cause of social justice give no thought to the corporative reconstruction of society, but seek the realization of their aims on liberalistic lines. And that is the reason why their proposals for economic betterment lie in the direction of communism. It also accounts for the fact that such strong sympathies in this country exist for the communistic countries and such powerful antipathies for fascism. Fascism, whatever else it may mean, stands for discipline, regulation, corporateness and order, and these are the things for which we have no taste.

As has been previously stated, Christian corporatism is not identical with fascism or any other form of totalitarianism, but it embodies elements which are also contained in these systems. The vital difference between Christian corporatism and fascism consists in this, that the necessary discipline required for social organization in the former case arises voluntarily, whereas in the latter case it is imposed by external force. But, steeped as we are in liberalism, it is social discipline in general, however it may come, that irks us and to which we cannot reconcile ourselves. Accordingly, we are more inclined to fashion our social reform after the communistic pattern than after the corporate ideal proposed by the Papal Encyclicals. We have no ultimate social philosophy to act as a guiding and selective criterion. Nor are we following historical paths which all point in the direction of corporate organization. Social reform, therefore, immediately becomes the affair of the State and turns into a political issue. All this is of a piece with liberalism, which constituted a break with the social traditions of the Middle Ages and at the same time brought about the atomization of society. The Pope leads us back to a time when society possessed an organic structure. The only trouble is that we can-

not renew the old organic structure unless the old social spirit is reborn.

In an excellent article Mr. Bernard Wall brings out that social justice, if it is to remain free from communistic taint, must ally itself with tradition and hark back to the organic forms which economic life spontaneously takes on in its natural development. "Without tradition," he writes, "social justice can never rid itself of the poisons of individualism, or of a deracinate collectivism; without social justice tradition cannot remain permanent, something rooted in all the elements of a community and knitting them together with a spiritual bond."¹

VOCATIONAL GROUPS OR ESTATES

The concept of the vocational group contains the following notes. It expresses a certain completeness, self-sufficiency, stability and permanence. The English term, "occupational group," does not do full justice to the idea, since it suggests none of the characteristics mentioned but would equally well apply to any number of individuals however loosely or temporarily bound together. The term, "vocational group," is decidedly more expressive, because with vocation we readily associate stability and permanence. Unfortunately, the lack of continuity between our own economic system and the medieval economic order makes the terms formerly in use almost unintelligible to us. We are unfamiliar with the terms, "estate" and "order," and have difficulty in visualizing what they really stand for. What could the terms, "estate" and "order," mean to those who have practical experience only of our modern scheme based upon utter economic freedom and unregulated competition! The content of the idea completely eludes those raised under the liberalistic scheme.

¹ "Tradition and Social Justice," in *The Dublin Review* (1937).

Thus says a writer: "Schools of social and political thought, as yet unfamiliar with the concept of the 'orders,' must familiarize themselves with it; they, and those already conversant with it, must popularize the idea and prepare the people for its adoption and realization; but, even previous to that, the extreme individualism of the recent past and the present must be overcome by the organic concept and attitude, which having gained recruits can find its expression in the associations the Pontiff has in mind; the resurgent solidaric attitude must develop a corporate spirit, and this spirit must be guided towards the 'estates,' to fully realize which social legislation will be necessary."² The vocational group must be conceived as something more than a mere temporary association for private interests; it is a social institution dovetailed into the economic structure, safeguarding the interests of the individual and harmonizing them with the common good.

Vocation also embodies the idea of dedication to a lofty and inspiring social purpose, and concerns itself with an activity useful and beneficent to society and conducive to full personal development. It brings satisfaction to the individual, and is not taken up exclusively for the purpose of gain. Since the vocational group is devoted to the welfare of the community, the community in its turn naturally assumes corresponding obligations in regard to the group. As reward for the contribution to the common good which the vocational group makes, the community guarantees to the group a reasonable standard of living. This in the Medieval Ages was expressed in the just price, which had to be such that it would secure for the social service rendered a decent human livelihood.

Where the vocational principle is in effect, work of whatever nature it may be is not primarily looked upon as a sad necessity to make a living, but as self-expression which

² *Centralblatt and Social Justice* (January, 1936).

carries with it a satisfaction of its own, irrespective of the prospect of gain, and the joy of having well accomplished worthwhile tasks. All work would be raised to the level and dignity of a profession, and would be surrounded by the same distinction and prestige which now attach to professional activity. In spite of the fact that the infiltrations of the mammonistic spirit have entered into many professions, it is still true that by and large they are prompted by higher motives and conform to certain elevated moral standards. We speak of professional ethics, and the purpose of this professional ethics is to redeem the members of the profession from purely selfish motives and keep them from commercial practices. There is no reason why business and industry should not be animated by the same spirit as permeates the professions. Industry constitutes a valuable and indispensable service to humanity, and accordingly is entitled to honor and respect. It can enjoy the same social standing, provided it rejects the pure profit motive and adopts similar ethical standards.

Thus, Dom Thomas Verner Moore writes: "Every man's life should be something more than the pursuit of selfish ends. Everyone should in some measure within the small sphere of his influence serve humanity to the fullest extent of his powers. If this is true of every man, it is still more true of the professional man who places his special knowledge and acquisitions at the service of others. It is perfectly true in the profession as elsewhere that the laborer is worthy of his hire, and one who cannot make his own living cannot be of service to anyone else. Consequently, every member of a profession has a fundamental duty to support himself. There has, however, been a tradition in the three major professions, the sacred ministry, medicine and the law, that 'a profession has for its prime object the service it can render humanity; reward or financial gain should be a subordinate consideration' (Principles of Medical Ethics). . . . In this, a profes-

sion differs from business as it is *de facto*. Business seeks primarily the financial welfare of the one who engages in it. A profession seeks primarily the welfare of humanity. Business should also be primarily a service of humanity, just as every man's life should look to the true welfare of those about him rather than to his own financial gain." ³ Now, it is precisely at this elevation of industry and business to a real moral status that vocational organization aims. As mentioned before, therefore, the concept of the vocational group is essentially a moral and Christian one. Patently this cannot be brought about without a transformation of many of the conditions which prevail in the modern conduct of the economic function.

THE MEDIEVAL GUILDS

Into a detailed study of the guilds it is not necessary for us to enter in view of our present purpose, which is merely to set forth how they realized for their members the vocational idea, offered security to the worker, protected the public from exploitation, and embodied religious and cultural values. Whatever their origin, it is quite certain that they were initiated for the interests of the trade and hence had a protectionist inspiration, but they did not leave out of consideration the public good. Though their internal affairs were regulated by themselves, their relations with the public were subject to governmental authority. They truly, therefore, represented the analogy of an organ in a corporate society. It is quite plain that they cannot be simply revived in the society of our days, which differs in so many ways from that of the Middle Ages; but it remains nevertheless true that some of their features can be adapted to our requirements and serve as a model for the necessary economic reorganization. We again point to the article by Mr. Wall, which asserts the necessity of traditional patterns for any attempts

³ "Principles of Ethics" (Lippincott).

at rebuilding society in accord with the demands of justice. The leftists divorce their plans completely from the past and tradition, and thus begin by demolishing whatever still exists of structural character in our days. Out of the resulting chaos and on the ruins of the old order they intend to erect their new society. They have no constructive forces left but the State, which alone exercises a socializing function and brushes aside everything else. There are no intermediary links, but State and individual immediately face each other. Even the State is eventually to be blotted out, so that there remains nothing but humanity and individuals. As a consequence, we have the international tendencies in communism expressed in the slogan: "Proletarians of the world, unite!"

Our times will do well to heed the words of Mr. Wall who writes: "In other words, tradition is as essential to social and civilized life as social justice is. Without tradition there is no deep respect for the very bases of civilized life, for religion and culture, for property, for the simple virtues of courage, honesty, perseverance, family life, and patriotism. The left movements of Europe are by the very force of their impetus coming to think of even these simple virtues as errors which have fettered mankind in the past and now need overhauling. Left intellectuals hope for a new sort of world in which religion, patriotism, and family life will only be historical curiosities. There will only be mankind, Humanity, and the pooling of all resources for an ideal order and progress. Now, the conception of humanity—in the sense that it is used by the spokesman of the left or at Geneva—is entirely deracinate. It is impossible to love all mankind unless you first love individual men, and unless your love goes out in circles, always widening, from the family to the locality, from the locality to the State, from the State to the culture—in the sense that we all live in our European culture—and then maybe to mankind as a whole. The modern State has broken down local culture, whether the French State of

the Revolution or the English commercial State; but this is an evil. The left conception of humanity only accentuates the evil to an immense degree, being born of the deracinatedness of life—especially working- and middle-class life in the modern State. 'Universality is the negation of cosmopolitanism,' wrote Miguel de Unamuno, 'the more a man belongs to his time and his country, the more will he belong to all times and all countries.'"⁴ Incidentally, this explains many of the things which happen in Spain and Russia. We can see how out of the love of humanity a hatred of man may be born.

All life roots in the past, and society is totally dependent upon tradition. We can borrow the patterns for social forms and institutions only from history. Man can think sanely only in terms of experience. His thinking becomes fantastic and grotesque when he leaves the reliable basis of experience. Continuity with the past is essential to human progress, and an absolute break with the past is always disastrous. Accordingly, for our patterns of social reconstruction we must also reach back into the past. Let us see, therefore, what we can learn from the medieval guilds. We can even profit considerably by their mistakes which in the course of history led to their undoing.

Pius XI evidently had his eye on the past when he penned his memorable Encyclical, for he speaks therein not of an establishment but of a reestablishment of vocational groups. He is convinced of the adaptability of these social forms, and feels that they did not perish on account of an essential inner defect but were ruined by the malice of man. He writes: "At one period there existed a social order which, though by no means perfect in every respect, corresponded nevertheless in a certain measure to right reason according to the needs and conditions of the times. That this order has long since perished is not due to the fact that it was incapable of develop-

⁴ *Loc. cit.*

ment and adaptation to changing needs and circumstances, but rather to the wrongdoing of men. Men were hardened in excessive self-love, and refused to extend that order, as was their duty, to the increasing numbers of the people; or else, deceived by the attractions of false liberty and other errors, they grew impatient of every restraint and endeavored to throw off all authority.”⁵

We briefly set forth those aspects of the guilds which typify corporatism and consequently are of particular interest to our age. According to the best authorities, the industrial guilds developed from the free associations of artisans who united into separate groups on the basis of profession and craft to secure for themselves mutual aid and support. Though free association was the starting point, public authority had a part in their development and expansion, since the political government of the Middle Ages claimed the right to subject all economic activity to its control. In the course of time they were endowed with certain rights and rendered compulsory, so that no one could exercise the profession unless he was admitted to the guild and conformed to its standards. For the restrictions it imposed it gave in return social security and stability.

The guilds enjoyed varying degrees of autonomy in different localities. Mr. Louis Massignon characterizes them as follows: “The craft guilds thus constituted essentially privileged bodies; they were based on protectionism and exclusiveness, and represented a system as remote as possible from that of industrial liberty. This very monopoly character was designated in England by the name of *gilda*; in Germany by the word *Zunftzwang* or *Innung*. . . . In its fundamental traits the guild system was everywhere the same, and everywhere it constituted the most striking feature of medieval urban economy. Its principal aim was to protect the artisan not only against competition from other cities, but also

⁵ “Quadragesimo Anno.”

against the competition of his fellow-workers. . . . In brief, it attempted to create a condition of complete equality for each member. The guild system thus secured the independence of the individual through strict subordination of all. . . . The ideal was stability of conditions in a stable industrial organization. . . . Such a system, since it largely prevents fraud, undeniably does insure a high quality of product, and in this respect it benefits the consumer. . . . From an economic point of view the guild system was clearly anti-capitalistic. With no place for individual initiative or the entrepreneurial spirit, it was incompatible with the capitalistic idea of profit-making. It made it impossible for the artisan to reinvest his savings or his profits in business, since its volume was prescribed by the guild regulations. . . . In conclusion, the guild system must be recognized as the only source of protection to the worker before the period of social legislation in the nineteenth century and as an institution which at the height of its development assured the craftsman an existence as satisfactory from the economic as from the social point of view.”⁶

It was, most likely, shortsightedness within the ranks of the guilds themselves which prevented the adaptation of the system to the requirements of a new time and an expanding economic order. Still, the system contains elements of sufficient flexibility to be embodied in a system of national economy. Certainly, its underlying idea of corporatism and vocational occupation regarded as a social function deserves to be studied. If it does not tell us much about the technical aspects of the reorganization of our economic order, it suggests the spirit and the direction in which this reconstruction must be undertaken.

⁶ “Guilds,” in “Encyclopedia of the Social Sciences” (New York City).

THE NATURE OF THE VOCATIONAL GROUP

IN the study of human and social matters the teleological approach yields the best results and proves the most instructive, because human and social institutions are primarily to be judged by the end which they try to realize. Accordingly, if we wish to understand the nature of the vocational groups, the reestablishment of which "Quadragesimo Anno" recommends as the key to the solution of the social problem, we must inquire into the ends at which in the mind of Pius XI these organizations are to aim.

The end is five-fold: (1) to unburden the Government which has been so saddled with subsidiary activities that it neglects its more specific and vital tasks; therefore, these vocational groups must be endowed with a measure of autonomy which enables them to settle within and for themselves points pertaining to their own internal affairs; (2) they are intended as a corrective to the existing form of capitalism which separates labor from the instruments of production; hence, they will bring about a modification of ownership, restore within the group much of the common property which was characteristic of the guild system, and in general make for a wider distribution of property; (3) they seek to do away with the proletarian class which at present constitutes merely an adjunct to the capitalist class and is not organically fitted into the social structure; accordingly, these groups will embrace employers as well as employees, thus harmonizing the interests of capital and labor and putting an end to the so-called labor market which is the source of class

antagonism and class warfare; (4) they wish to abolish class distinctions which are based merely on possession; as a consequence, they introduce the functional principle according to which groups are classified on the basis of the economic and social function which they perform; this like the foregoing obliterates invidious class distinctions and gives to all occupations a dignified position in the social organism; and (5) they forestall state socialism and communism, and in this way, while regulating production, preserve human dignity and liberty.

This is the underlying ideology of the Papal program of social reconstruction on lines of vocational organization. It is this ideology which we must apply as a criterion if we wish to appraise properly the merits of any specific scheme of reform offered, because an outward resemblance does not by any means guarantee essential identity. As a matter of fact, there are in the field at the moment different versions of the Corporate State with organized vocational groups, and it will be for us to discover which of them is the authentic pattern to serve as a model in the reconstruction of the society of the future. Happily, there exists an acid test which may assist us in our investigation: if the plan submitted actually achieves the objectives which have been set forth as distinguishing features of the Papal program, we are in presence of the genuine article; if not, we are offered a substitute which on closer examination will reveal fatal trends to undesirable forms of social organization.

It is quite possible that a Corporate State may perpetuate economic conditions which Catholic social philosophy regards as unwholesome (for example, the proletarianization of the working classes), and so give a new lease of life to the divorce between capital and labor. It would, indeed, be very unfortunate if the Corporate State did nothing more than give permanency to the status quo of our times, and imparted to our prevailing class order the rigidity of a caste system.

This would be no gain, and would only reproduce slavery and serfdom under a modern form. The warning is not out of place, for by some slight change in the basic plan the Corporate State may be converted into the Servile State of which Hilaire Belloc draws such a dismal picture. Some therefore view with suspicion the Corporate State as built up by fascism, and see in it a strengthening of the capitalistic order though not without some real improvements. Thus, Rev. Raymond T. Feely, S.J., remarks: "Private property is so definitely entrenched in the Fascist set-up that Fascism has been termed 'Galvanized Capitalism.'" ¹ And somewhat similarly Dr. Josef Russmann, O.S.F.S., observes: "It has been pointed out that the corporate structure of the Fascist State instead of overcoming capitalism really nurtures it into a huge State capitalism." ²

It may be aptly remarked here that the Papal Encyclical does not link the corporate organization of society to any form of government. It does not make the State the be-all and end-all. On the contrary, it draws a line of division between social and political life, and claims an autonomous sphere for the vocational groups. They are not to be instruments of the political power. The vocational groups are by their nature non-political, and consequently will fit into any political system which does not arrogate unto itself control of the totality of social life. The Corporate State may have a democratic or an absolutistic and totalitarian complexion; by its internal trend it is neither. True, it may come to be identified with totalitarianism, but it has not yet assumed this exclusive meaning. To avoid possible confusion it is, therefore, better to speak of Corporate Society rather than the Corporate State. In the Corporate Society government will be a function within society duly coordinated with other social functions but not superseding them all. The Corporate

¹ "Fascism—Communism—The U. S. A." (New York City).

² "Der Staendegedanke" in *Theologisch-praktische Quartalschrift* (1936).

State in its totalitarian form finds no direct warrant in the Papal Encyclical; the emphasis on liberty so manifest in the Encyclical precludes any interpretation favoring the totalitarian conception of the Corporate State. In fact, the consistent application of the functional principle which is at the bottom of vocational organization will prevent the degeneration of the Corporate State into totalitarianism, since it assigns a clear-cut function to government circles.

By the same token, it will prevent on the part of the vocational groups undue interference with public authority. One of the mistakes of the medieval guilds was that when they attained to economic power they also began to aspire to political authority, thereby imperilling democratic rule and making stable government a precarious affair. The government function accordingly must remain separate and above all other functions, if it is not to sink to the level of class rule that will make an end of true democracy. As long as the groups remain non-political, they will be able to resist the encroachments of any class and prevent despotism of every kind. A proper balance of interests can only be achieved if there exists a group which is not directly identified with any of these separate interests but which is entrusted with the common good.

Reasonable autonomy of the vocational corporations forestalls a serious inconvenience which always arises when public authority concerns itself overmuch with private activity. It is this: Ordinarily the public official lacks the competent technical knowledge to make wise rules for the management of business and industry. He is likely to blunder, and moreover his interference will be resented as impertinent meddling by those who are in possession of the necessary training and have wide experience. On his own ground he is safe and can command respect and obedience. It is for him to state what the common good requires of the various groups and to impose upon them the obligation to regulate their household

affairs in conformity with these requirements. Without wishing to make a plea for Italian Fascism, we cannot but admit that its originator in this regard takes a very sensible view, for concerning his stand Father P. J. Higgins, S.J., writes: "Il Duce also states that he favors the Auto-Discipline of the Seven Categories (the seven corporations), declaring that the State will intervene only when the Corporations fail to reach their objectives. Hence, he leaves the greatest initiative to the Corporations, the State renouncing its right to impose arbitrary norms."³

But be this as it may, Pius XI has no particular type of State in view when he pleads for the vocational organization of society. Experience will show which governmental form is most compatible with this organization. No Corporate State, however, which destroys liberty and endangers cultural values can be defended on the plea that it represents the best and most efficient economic organization for the common welfare.

DEPROLETARIATION

Vocational organization does not merely propose to guarantee labor what we hear so frequently mentioned in our days, social security, but what is far more vital—a real change of social status. It aims at healing a breach which has all too long existed and which is altogether unnatural—that between capital and labor. A working class in the modern sense which is dissociated from the means of production—and, therefore, enslaved to and dependent on another class which owns and controls for its own benefit the instruments of production—must eventually disappear. That is the consummation envisaged by the regrouping of society according to the principle of function.

To an extent this condition prevailed in medieval society,

³ Eleventh Annual Meeting of The Jesuit Philosophical Association of the Eastern States, 1934.

as Carl von Vogelsang tells us: "The Christian order of society had therefore gradually brought about the complete disappearance of the working class, as found in slavery. In craftsmanship it had joined labor with ownership, and this again with the living political task. However, the Capitalistic economy, closely connected with Liberalism in the disintegration of Society, which it took in hand, once more dashed down the working class like a chemical precipitate. If, then, we are to reconstruct permanently, *i.e.*, in accordance with the central idea of the divine plan for Society, it is in no way a question of reducing this social precipitate to a state of stability and permanence; the only right thing to do is once more to absorb it and make of it the particular portion of Society it formerly was. . . . The solution of the labor problem, justice for the working classes, the handing over of the 'inheritance of the disinherited,' can mean nothing but the abolition of the working classes; the Estate of Labor, wrongly so-called, is really no Estate at all, but a proletarian precipitate obtained from the disruption of all Estates and their absorption by the proprietor class. Whoever points out the remedy for this evil renders a service in the cause of the solution of the social question. Any other guide can only confuse it."⁴

Well, the Holy Father shows himself the right kind of guide by his advocacy of the vocational reorganization of society which will automatically entail the abolition of a proletarian class and give to labor its rightful place. When fully incorporated in its appropriate occupational group, other advantages will naturally accrue to labor such as permanency of tenure, social security, protection, participation in profits, proprietary interest in the instruments of production, and sharing in the management of industry. The conflict

⁴ Quoted from Dr. E. Goerlich, "The Doctrines of C. v. Vogelsang," in *Centralblatt* (September, 1937).

between capital and labor will of necessity vanish and be replaced by true cooperation.

The vocational group does not represent economic power militantly mobilized, but moral action corporately organized. It wants autonomy, not as a means to seek selfish advantages at the expense of other groups or society, but to afford scope for the realization of higher personal values, since personal growth can be achieved only where there is freedom. It is quite obvious that the idea of vocation implies the exercise of choice and excludes external compulsion, which imposes a mode of life and so frustrates man's natural aspiration for self-expression. When work is solely a bread-winning activity without any bearing on social values, it cannot become the object of a free vocational choice. Very pertinently Mr. Maurice B. Reckitt gives expression to this idea when he writes: "For the vast majority the compulsion to industry is a call not to the exercise but to the surrender of will."⁵ With even greater stress Mr. Philippe Mairet says: "By far the greater number of citizens have no reasonable hope that their work will be recognized as a social function. In work they are only related to society as that which buys their time—that is, their life—for so much an hour at market rates, just as cloth is bought by the yard. . . . Only one thing can ultimately change the inner nature of work from mere acquisitive occupation to social function: and that is the explicit recognition of each class of workers in the community."⁶ These, though expressed in different terms, are the ends which the vocational organization sponsored by the Papal Encyclical endeavors to realize.

Whilst the Corporate State which is making its appearance may be nothing more than an attempt to salvage capitalism, it does in a way prepare the external frame into which eventually the right spirit may be infused, provided, of course,

⁵ "A Christian Sociology for Today" (New York City).

⁶ "Aristocracy and the Meaning of Class Rule" (London).

that this spirit has gained sufficient ascendancy in the social world to become definitely crystallized in economic and social institutions. Now, there are abundant signs that things are moving in this direction. Pius XI was not a voice crying in the wilderness, but he was on the contrary speaking in a rather favorable and responsive environment. His words have evoked many echoes, and on the other hand there are stirring all around independent activities working towards the same end. Mr. Reckitt expounds a social philosophy which in general orientation is very much like that of the Papal Encyclicals. Rivulets come from many sides, and they will merge into a mighty torrent; the ideas of vocational organization springing up in unrelated spots show a general drift and this drift will gain strength and power. The idea of vocational organization is no longer a Catholic monopoly, and it will be expedient for us to work together with others in order to bring it to full fruition. Such cooperation will serve two excellent purposes: it will clarify our own ideas and enrich them with detail, and it will give public weight to these ideas and make them germs of practical economic developments towards the desired goal.

Parallels between the Encyclicals and contemporaneous social thought will prove interesting, illuminating and encouraging. The Holy Father stresses the vocational idea as a principle of economic organization. Mr. Reckitt writes: "There is no doubt, however, that the Christian philosophy of man and of society requires that industrial organization, however diverse in character, shall take into account the functional principle. It must be so constituted that man can therein fulfill a vocation and not merely perform tasks imposed by external authority; it must exhibit a corporate vitality of its own, and not serve as a mere department of a centralized process, withdrawing all initiative to a distant few with interests at heart that may have no relation to its own vital purposes. It is no mere theory, but the deepest

psychological needs of man, overlaid and frustrated by the obliterating confusion of a meaningless 'democracy,' that require these things." ⁷

The Papal Encyclicals demand an organic restoration of society. Mr. Reckitt fully endorses this idea: "What, in short, a true social philosophy requires is not the subjection of the parts of the community to the whole, but the regulation of all its parts by the idea of the whole. Social vitality will be the fruit, not of an atomized mass of merely gregarious individuals, but of a truly organic society." ⁸ Vocational organization after the Papal pattern is opposed to industrial dictatorship, exercised either in their own name by the capitalistic owners of the instruments of production or in the name of the State by government functionaries. It implies corporate control and self-rule, and rests on a distributivist basis where ownership is concerned. Again Mr. Reckitt is in full sympathy with this concept as the following passage proves: "But large-scale production is indispensable to certain forms of industry, and large-scale organization to certain services demanded by the public interest. Here the question is how to develop a more truly corporate type of industry, and modify the caste tendencies of the employer-and-employed relationship. This task requires to be tackled along two lines: by effecting a transition from the wage-system, and by steadily enlarging the control of the workers in every grade over their conditions of work and the administration of the concern (and ultimately the industry) as a whole. The wage-system could clearly be modified, and in the long run in effect abolished, by the operation of the social dividend." ⁹

Like the Supreme Pontiff, he likewise envisions a society in which all can live a wholesome life: "Social Credit, the Just Price, a universal dividend, self-government in industry,

⁷ *Op. cit.*

⁸ *Op. cit.*

⁹ *Op. cit.*

and the labor share—upon such a foundation as this the economic order might attain to a true efficiency, while fulfilling the requirements of an authentic Christian sociology. The industrial no less than the political organization might become a medium not of life only, but of the good life, which Aristotle declared to be the purpose for which Society in its truly developed form as the State came into being. Freed from the distortions imposed by the false hypothesis of employment and the cut-throat rivalries of the limited market, industry would become susceptible of a genuine rationalization. It may be that this would result in the development sometimes foreshadowed under the name of Neo-Corporatism, in which every large-scale industry, without stereotyping the pattern or destroying the initiative of its units, would be organized as a responsible whole, with certain functions corporately undertaken, under the ultimate control of a publicly chartered Council representing consuming interests as well as the managerial and operative grades. The precise powers and constitution of such Corporations are properly matters for political and economic speculation and discussion, scarcely falling within the province of Christian sociology.”¹⁰

Similar passages from other non-Catholic authors could be multiplied to show that there is a good leaven working within the mass of contemporaneous social thought which in its time will influence and mold to better purposes the economic life of the future and contribute towards the inauguration of a reign of prosperity and social peace.

¹⁰ *Op. cit.*

LEGAL ASPECTS OF THE VOCATIONAL
GROUPS

THE organism is characterized by balance and proportion. The several systems of which it is made up, though functioning with a degree of autonomy, are subordinated to the good of the whole, but, on the other hand and by way of compensation, they in their turn are duly fostered in their own proper development. This relationship of mutual interdependence and cooperation is secured by the inherent law of organic life and is not disturbed in the healthy and normal organism. But if the regulatory function is impaired, a subsidiary organ may either be reduced to a state of underdevelopment or may grow excessively at the expense of other organs to the detriment of the general harmony. In a minor key and with due allowance for analogy, this also applies to the social organism, in which we have a graded hierarchy of functions ordained at once to the benefit of all taken collectively and of the individuals taken singly.

In the case of society, the regulatory function by which harmony of interests is maintained is exercised by the State, to which the care for the common good is entrusted. If the State fails in its task, a subsidiary class functions in its stead and assumes a primacy to which no particular portion of the community is entitled. We might take, for example, the military State in which the army has gained supremacy and subjects the whole population to its will. At present, however, it is industry which has arrogated unto itself a well-nigh universal sway and dominates social life. It practically

rules supreme, inspires education, commands the organs of publicity, dictates moral standards, and reaches out into our legislative bodies. The State has become the servant of economic interests, and the actual rulers of society are the money lords. This is the state of affairs which the Holy Father deplors when he writes: "This concentration of power has led to a threefold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then, the fierce battle to acquire control of the State, so that its resources and authority may be abused in the economic struggles. . . . The State which should be the supreme arbiter, ruling in kingly fashion far above all party contention, intent only upon justice and the common good, has become instead a slave, bound over to the service of human passion and greed."¹

In a democratic age the State does not so much imperil freedom and the larger life of the people as industry. Hence the false views of both fascism and communism, which aim at the restoration of the people's liberties by means of the nationalization of the economic order. Though this is a mistaken policy, there is in it this much of truth, that the economic order must again be thoroughly subordinated to the welfare of society. Excessive economic freedom has endangered the freedom of all, and has actually enslaved large portions of the community. Accordingly, economic freedom must be restricted. It is in this sense that Dr. William Ebor, the Archbishop of York, says: "At any rate, there is a great deal to be said for the view that actual freedom could be increased in most civilized countries today by a greater amount of control or coercion in the purely economic sphere. Regulated control, even if legally coercive, may be very much less tyrannical than the pressure of blind competition."²

¹ "Quadragesimo Anno."

² "The Divine Source of Liberty," in *The Hibbert Journal* (October, 1937).

The vocational reorganization of society, on which the Pope pins his faith for the restoration of prosperity, has precisely for its objective the coordination of all functions of society by their subordination to the common good. Organization essentially means limitation of the parts, though it also stands for full development of the parts within their legitimate sphere. The vocational group, consequently, must be fully protected in all its genuine interests, but at the same time circumscribed in its power so that it will serve and not dominate society. It is plain, then, that the law must surround the vocational groups with effective safeguards in order to give them security but also hedge them about with restrictive measures, so that they may not exceed their rights and endanger the freedom and well-being of others. The economic order requires a stricter supervision by the State than other pursuits because, since it controls the material means upon which all depend, it wields a power that may very easily be abused. We cannot well conceive of a society as being enslaved by the medical or teaching profession, because they have neither direct access to, nor control over, the goods of the earth which they receive from others to whom they must bow. A capitalistic or a proletarian dictatorship, however, may become a reality for the simple reason that those who produce the goods by which we live may lay down the conditions under which they will be distributed. The chief danger that menaces society comes from the economic order, from those who provide the necessities of life, and it is against this danger that society must protect itself.

SYNDICATE OR CORPORATION

In legal language the vocational group would be designated as a corporation or a syndicate. It would in some manner be regarded as a moral person capable of assuming responsibility for its corporate actions and of representing the inter-

ests of its members. The State would have to see that the corporation fulfills the social function wherefor it exists and in return enjoys the social advantages, material and cultural, which the general condition of society warrants and should make available for all. Within the corporation, since there would be no one possessing a disproportionate power, all matters could be settled on a democratic basis. To what extent this group life will develop, no one can at the moment foretell; it may become the nucleus of a new cultural development and enrich society by encouraging a greater diversity of cultural types.

The law recognizes the vocational group not merely as a legal fiction but as a real social entity, and endows it with all the rights necessary for its existence. So Oswald von Nell-Breuning, S.J., writes: "They are more than merely the total number of people who happen to apply themselves to a particular vocational activity at the moment. They must be permanent corporate bodies, vocational groups not merely in a statistical sense, but vocational groups in the legal sense."³ Dr. Josef Russmann expresses the same idea as follows: "The vocational groups are corporations recognized by public law, which are obligatory for all who belong to the profession and accordingly possess compulsory character."⁴

The coercive feature is inevitable, because otherwise they could not eliminate competition which is one of the objectives to which vocational organization is directed. The compulsion, however, merely limits that freedom which permits anyone to establish himself in any trade or business he chooses without properly affiliating himself with the respective group, accepting the conditions under which the trade is to be carried on, and submitting to the regulations imposed in the

³ "Reorganization of Social Economy." Translated by Bernard W. Dempsey, S.J. (Milwaukee, Wis.).

⁴ "Der Staendegedanke," in *Theologisch-praktische Quartalschrift* (1936).

interests of the common good. Of course, it does away with free trade as conceived by economic liberalism. It constitutes a safeguard for the *bona fide* members of the group and a protection for the public. It acts chiefly as a curb on money, which in the present regime can invade any industrial field by furnishing the working capital.

In reality, therefore, the coercion involved liberates industry from the domination of the financial powers, which at present are in a position to exact a toll from any industrial enterprise. Money now dominates industry and through it our entire social life, because it is free to invest in every economic field without any restrictions. In the vocationally organized society the *entrepreneur* must belong to the corresponding professional group, and the mere possession of financial capital does not entitle its possessor to set himself up in business. Automatically such a state of affairs reverses the present condition of things, and again makes money the servant of industry instead of being the overlord. It is apparent also that this situation will have a vast effect on money-lending and credit, because it enormously limits investment opportunities. Money power will be dethroned and forced to take a subsidiary position in economic life. From vocational organization rather than from financial reforms the emancipation of society from the arbitrary rule of high finance will come. The banker's supremacy can be established and maintained only in an economic system which is constructed after the liberalistic pattern and which allows unrestricted opportunities of investment and unlimited competition. The apparent limitation of freedom involved in vocational organization consequently makes for the greater freedom of industry and social life in general, because it renders men less dependent on money. What the Archbishop of York says is, therefore, true: "At any rate, there is a great deal to be said for the view that actual freedom could be increased in most civilized countries today by a greater

amount of control or coercion in the purely economic sphere."

The freedom of the individual would be unduly restricted only if the vocational group were organized from above and imposed by State authority. Truly, if such organizations were nothing but the creations and instruments of the State the last vestige of individual freedom would disappear. But the groups which the Holy Father envisions are not of this type. They are not merely legal corporations created by the State for the purpose of fulfilling governmental tasks in the interests of the State. On the contrary, they arise spontaneously in virtue of the natural tendency towards association inherent in the social character of man. "As natural associations," says Dr. Russmann, "they are primitive and not derived from the State. The activity of the State in their regard is subsidiary. The vocational groups lie between the State and the individual, and are intended to preserve the right proportion and balance between liberty and authority. Vocational organization is autonomous and independent of the State, though the State remains the representative and trustee of the common good. If the State usurps excessive control, the idea of vocational organization is distorted and supplanted by State Socialism. If, on the other hand, the groups exaggerate their respective rights, vocational organization is denatured and degenerates into collective individualism."⁵

Hence the Pope argues: "Of its very nature, the true aim of all social activity should be to help individual members of the social body, but never to destroy or absorb them."⁶ By way of comment Father von Nell-Breuning adds: "This is the frequently mentioned and famous principle of the Subsidiarity of Social Activities, also called the principle of Subsidiarity of Associations, a fundamental principle of Christian social doctrine which renders it essentially different

⁵ *Loc. cit.*

⁶ "Quadragesimo Anno."

from every collectivistic and one-sidedly exaggerated universalistic social philosophy.”⁷

Leo XIII likened the vocational groups to territorial bodies, such as municipalities, which also enjoy a degree of autonomy within the State and the regulations of which the individual must accept without thereby suffering an undue curtailment of his natural liberties. A man living in a territorial community, no doubt, is subject to its laws, but that would interfere with his freedom only if at the same time he were compelled to reside within the territorial jurisdiction of said community and bound to the soil as was the case with the serf. Everybody must live in some community, but he is free to choose the one that suits him best.

So it is with the vocational groups which combine freedom and coercion. Thus, Father von Nell-Breuning writes: “In order finally to consider the vocational bodies from still another angle, the Pope compares them with free associations. Here, too, they are coordinated to territorial bodies. This shows us once again that the Pope conceives the vocational groups as public-legal corporations, of which by virtue of the law everyone practising the profession will be a member. In so far they could be called compulsory corporations, but it is better to avoid this name because experience teaches us that it can be understood rightly, but frequently leads to misunderstandings. For the vocational groups are compulsory organizations in the same sense as are communities. But no one calls communities compulsory corporations, or considers himself a citizen under compulsion. It is rather a matter of course for every citizen to live up to the community’s rules, and to contribute to the common burdens, so long as he resides there and participates in all advantages of community life and public institutions. When dissatisfied with this ‘compulsory’ citizenship, he can at any time change residence, and can withdraw from this compulsory membership which in

⁷ *Op. cit.*

no way binds him to the community. The same is true of membership in the corporate bodies. It will not do to practice the miner's profession and to disregard the rules established for mining. Whoever does not like these rules is free to practice another profession; he will thus legally withdraw from the rules of mining, but will, at the same time, be obliged to submit to the rules that are in force for the new profession."⁸

The danger to liberty is remote where the individual is not directly subordinated to the State but incorporated in intermediary organizations in which he is associated with others for the furtherance of common interests. In such minor groups he is not completely dwarfed as he would be in the presence of the State-Colossus; these groups in their turn, as they take on widening proportions by combination with other interest-groups, will be able to cope with the supreme government authority. True organic structure, moreover, is the only alternative to intolerable centralization with its costly officialdom and inefficient bureaucracy. Occupational organization overcomes, on the one hand, the evils of excessive individualism by reasonably binding men together in the economic enterprise, and, on the other hand, prevents collectivistic or socialistic control of industry. It would limit the freedom of the few, thereby securing the freedom of the many.

Very clearly Dr. John A. Ryan describes the aim of the Papal program: "Many social reformers who applaud the Pope's analysis of evils and his proposal to seek a remedy in the State, will assume that he means, or ought to mean, some form of collectivism, some kind of Socialism. These persons are completely mistaken. The Holy Father does not want state ownership and operation of the means of production. He wants more, not less, rational freedom for all individuals. Class conflict he would eliminate, not by a futile effort to

⁸ *Op. cit.*

abolish classes, but by bringing them into a practical scheme of cooperation. On the whole, he would decentralize the economic activities of the State. He would interpose a graded hierarchical order, a system of subsidiary organizations between the individual and the State. . . . In a word, the industrial system proposed by the Pope would enjoy a middle ground between Capitalism and Communism, between Individualism and Socialism. It would provide all the freedom and opportunity which every individual needs to develop his personality; and it would avoid that concentration of power which would defeat itself and which free men would not long tolerate.”⁹

VOCATIONAL ORGANIZATION AND MONOPOLY

The organization proposed would naturally take on the character of a monopoly; in fact, the outcome would be a monopoly of gigantic proportions. Thus, Father P. J. Higgins, S.J., describes the process of this vast industrial combination as follows: “To give but the essential details—the Encyclical approves of syndicates or unions or groups of employers or employes, either separately or together, in each different industrial or other leading kind of profession, which would finally unite in a nation to form together great monopolistic corporations, the aim of each of which would be to further the peaceful development of the profession for the common good. Apart from these essential ideas of the plan, the remaining important feature is that these corporations outlined above would receive legal support from the State in their endeavors and in that sense would be autonomous.”¹⁰ The very vastness of these combinations, though they would not be formed for purposes of exploitation and in restraint of trade but to promote the common welfare, would make it

⁹ “A Better Economic Order” (Harper).

¹⁰ “The Corporative State,” Meeting of the Jesuit Philosophical Association (1934).

necessary that they be assigned a very definite position in public law. Their responsibilities and duties towards their own members and particularly towards the community would have to be legally determined, because, as Monsignor Ryan pertinently remarks, "no economic group, whether of capitalists or laborers, or of both in combination, can be trusted with unlimited power to fix their own profits and remuneration. While allowing to the occupational groups the largest measure of reasonable freedom in the management of their own affairs, the State, says Pius XI, should perform the tasks which belong to it and which it alone can effectively accomplish, namely, those of 'directing, watching, stimulating and restraining, as circumstances suggest or necessity demands.' " ¹¹

The corporations cannot have a purely private character, and must be regulated by public law as distinguished from private law. Accordingly, they will either receive from the State or give themselves with the approval of the State a constitution which defines their rights and fixes their obligations. Only in this way can they be properly secured in their rights, to which they are entitled by reason of the service which they render to the community, and at the same time be prevented from abusing their privileged position in society. In this sense the Marquis de la Tour Du Pin, the chief French exponent of the theory, writes: "The Corporation ought to constitute, with its magistracy, the guarantee of the professional status of each member. It ought not to be of a purely private character. It ought not to be disengaged of every bond with the State. Free in its birth, it ought, once having been made viable, to grow into an obligatory thing, in so far as to play a political rôle, and the State ought to assure to it by legal means a regular development. Just as the Commune within a nation, the Corporation will then be a sort of little State within the State. The public power will not impose

¹¹ *Op. cit.*

upon it any norms from without, but will be content to register those which it gives itself, so as to maintain it for the public good." There are differences of opinion in the matter, but all agree that the vocational corporations must have a place in public law.

THE EVOLUTION OF THE CORPORATIVE SOCIETY

WHEN an old social formation crumbles and disintegrates, there begin to appear under the surface fainter or clearer adumbrations of the shape which the new social arrangement will assume. This is so because the old order does not dissolve of its own accord, but because it is being destroyed by the new order which is striving to be born. The old order perishes because it finds itself in conflict with prevailing social and moral ideals which are seeking concrete embodiment. Precisely because social evolution is not the result of mere economic and material forces but the outcome of conscious endeavor and the conflict of ideas, we are not entirely groping in the dark but taking an active and intelligent part in historical happening. Historical development may be called a struggle for right, a more or less conscious effort to realize a greater measure of justice in social relations. At certain turning points the struggle takes on the character of a crisis, and a revaluation of social and economic conditions becomes imperative. This whole process takes place on the rational level and consequently comes within the purview of our knowledge.

As the old order totters, we know what is going to collapse since we can judge the things that have become unacceptable and must be supplanted by something better and more in harmony with the new social concepts. These same concepts indicate in a general manner the direction of the new social development and the outline of the new social forms which

are coming into existence. Ideals themselves have to undergo a process of growth. The ideal of social justice prevailing at a certain time is determined by many factors; as the ideal of human equality spreads, social justice becomes more exacting and social conscience more sensitive. It takes some time to recognize a social condition as an evil, and more time to mobilize the forces required for its removal. Hence, social betterment comes about gradually. It attacks those wrongs which present themselves as morally intolerable to the enlightened conscience of the age, and in doing so initiates new social developments. All social evolution is in virtue of such gradual transition.

Now, a transition is not merely a negative entity (that is, the cessation of something), but it also possesses a positive phase, namely, the passing over into a new way of being. Accordingly, the transitional stage not only points out the direction in which the evolution is moving and foreshadows the goal towards which it is striving, but it likewise contains the forces by which the advance is to be effected. Our present-day society is being transformed by forces which are now active within its bosom, and which act very much like a leaven that changes the very essence of the entire mass. Only these forces are not purely economic, and therefore depend for their effectiveness on human foresight and will. They must be seized upon and properly utilized and directed into the right channels lest they work havoc instead of building up.

We are at present in such a state of social transition out of which a new order will in time emerge. The deep undercurrent of our times, in spite of surface indications that might deceive some, is towards a greater concern for the common good as opposed to the assertion of private rights and individual initiative. In this sense Sir Paul Vinogradoff reads the signs of the times: "By the side of the critical tendency, there are signs of the appearance of a new constructive point of

view. It is suggested forcibly by the great social crisis on which the world is evidently entering even now. The individualistic order of society is giving way before the impact of an inexorable process of socialization, and the future will depend for a long time on the course and the extent of this process.”¹ This tendency to socialization is favorable to the reconstruction of society on corporative lines, and as a consequence may be utilized for this purpose, but it may be distorted in a communistic sense and run to fearful excess. The forces are there, but the vital point is: To what purpose will they be harnessed? The decision depends both on the vast masses and the privileged few, beneficiaries of the old order. The danger from the side of the former is hasty radicalism; from the side of the latter, stubborn and selfish conservatism. If understanding the drift of the times the two work together, there will be a peaceful evolution; otherwise a clash of the opposing trends will be inevitable and the result is revolution.

Possibly the conservatism of the privileged classes constitutes the greater danger as it will persist in damming forces that have already too powerful a momentum to be effectually checked. The severe indictment of such selfish conservatism which Mr. J. F. T. Prince pens deserves attention: “The spirit, not of Catholicism, but of conservatism, is derived largely from a sense of well-being, a personal satisfaction which we wish to prolong. We prosper: those who are our immediate responsibility prosper: at least we do not want. The business of blind and wholehearted conservatism, so essentially different therefore from Catholicism, is the past; the present is no more than its legacy; the future is limited to its care for the present case. At whatever cost that must not be prejudiced. Conservatism is a pseudo-philosophy of the prosperous. Inspired by a convenient fatalism in respect of the submerged, relegating economic ills to theotechnic treat-

¹ “Historical Jurisprudence” (New York City).

ment alone, it associates itself not unnaturally with an ideology affording compensation hereafter. It is an advantageous postponement. We only regret that Christianity is thus, by conservatism's adoption of it, miscalled (rather excusably) the opium of the people." ² But the demands of the masses will no longer be put off; their patience has worn very thin.

Many years ago G. von Schultze-Gaevernitz foresaw the present situation and diagnosed its dangerous implications against which he warns: "How could the inheritance which represents our highest spiritual and moral possessions and whose guardians we are, be considered entirely secure? If the movement which threatened to annihilate it assimilates it in such a way as itself to carry it towards the future; if instead of battling against existing society, it helps to develop it. But we seem farther than ever from such a solution; it demands an almost impossible amount of insight on both sides: it means that the masses should understand that the progress of mankind can only be gradual and peaceful, for it means indeed not the education of a few but of all, including every individual. Is it not thoroughly unscientific to advance the opinion in a century devoted to historical research and the doctrine of evolution, that an ideal state of society should be attained at one stroke, by means of external changes, and that progress means anything else than the development of what already exists? But the understanding demanded from the upper classes is not less hard, namely, to own that new times with new demands have now dawned and it is no longer possible to 'put new wine into old bottles.' Instead of such insight we find overbearing behavior on the one side and suspicion and hatred on the other; the people are divided into two nations, out of contact and without understanding for each other; they feel and think discordantly and, as Lord Beaconsfield said of his country, 'they are as much strangers to each other as if they had been born in

² "Creative Revolution" (Bruce).

different hemispheres.'"³ Written in 1890, these words still have an ominous ring, and it is quite possible that we shall miss the opportunity which is presenting itself. On the other hand, there are happy indications that events are forging ahead to a more favorable consummation. To a certain extent we may believe in the dialectic of history which corrects the errors of men. This logic operative in history is now making, as remarked before, for socialization and undoing the blunders of economic individualism.

SOCIALIZING TENDENCIES

Only one stricken with an utter blindness could deny that we are entering upon an age of socialization. In part, this is due to the modern development of industry itself, which tends to greater concentration and coordination. Of course, this does not mean corporative structure, but it may furnish the material upon which the corporative form can more easily be imposed. The new forms of labor organization likewise create conditions favorable to corporative structure. Mental attitudes relative to economic problems unquestionably have undergone an enormous change, and the idea of drastic regulation of industry in the interests of the common good meets with growing favor. On the practical side, governments are more and more addressing themselves to economic problems. In this respect our own country has been lagging behind, but it is now fast catching up. State interference in economic matters in America as well as in Europe has become a reality. This general shifting of state policies is exceedingly significant, and should be looked upon as a happy augury.

Pius XI views the change with pleasure and finds it heartening: "We do not, of course, deny that even before the Encyclical of Leo some rulers had provided for the more urgent

³ "Zum sozialen Frieden" (Leipzig).

needs of the working classes, and had checked the more flagrant acts of injustice perpetrated against them. But after the Apostolic Voice had sounded from the Chair of Peter throughout the world, the leaders of the nations became at last more fully conscious of their obligations, and set to work seriously to promote a broader social policy. . . . As a result of these steady and tireless efforts, there has arisen a new branch of jurisprudence unknown to earlier times, whose aim is the energetic defense of those sacred rights of the workingman which proceed from his dignity as a man and as a Christian. These laws concern the soul, the health, the strength, the housing, workshops, wages, dangerous employments, in a word, all that concerns the wage earners, with particular regard to women and children. Even though these regulations do not agree always and in every detail with the recommendations of Pope Leo, it is none the less certain that much of their contents is strongly suggestive of *Rerum Novarum*, to which in large measure must be attributed the improved condition of the workingmen.”⁴

The Holy Father thus admits and commends the growth of the social spirit in our age. More specifically with regard to social reconstruction real progress has also been made as he acknowledges: “A happy beginning has here been made. . . . Let those free associations which already flourish and produce salutary fruits make it the goal of their endeavors, in accordance with Christian social doctrine, to prepare the way and to do their part towards the realization of that ideal type of vocational groups which we have mentioned above. . . . Within recent times, as all are aware, a special syndical and corporative organization has been inaugurated which, in view of the subject of the present Encyclical, demands of us some mention and opportune comment. . . . The corporations are composed of the unions of workingmen and employers of the same trade and profession, and as true and

⁴ “Quadragesimo Anno.”

genuine organs and institutions of the State they direct and coordinate the activities of the unions in all matters of common interest. . . . Little reflection is required to perceive the advantage of the institution thus summarily described: peaceful collaboration of the classes, repression of Socialist organizations and efforts, the moderating influence of a special ministry.”⁵ True, these organizations do not represent the particular type the Holy Father has in mind, but that is not the point at issue, as we are merely trying to show that there exists at present a definite trend towards socialization and that the forms in which this tendency becomes concrete may advantageously be used in the final reconstruction of the social body.

To modify existing things, after all, is an easier task than to produce something entirely new. In fact, this is the usual procedure for man, or better the only one possible for him. Father Arendt of Belgium expresses the same opinion when he writes: “Progressive and methodical transformation of existing institutions with prudence and circumspection is better than the creation of a complete new system. . . . These changes will be gradual, so that they will not pass from one step to another before having confirmed the results of the experiment already made.” Commenting on Father Arendt’s views Father Oswald von Nell-Breuning, S.J., writes: “Father Arendt plans in this way, with prudence and step by step, through the medium of syndicates, to prepare the way for the corporative regime. In Germany, Bernhardt Otte, last president of the Confederation of Christian Syndicates, and Dr. Theodore Brauer also believe that it is better to construct from bottom to top, trying to utilize the present collective contracts.”⁶

Everything which exists in the old order and in any way organizes men into larger units for the purpose of concerted

⁵ *Loc. cit.*

⁶ “Reorganization of Social Economy” (Milwaukee, Wis.).

action, is to be used in the construction of the new order. The fact is that usable material lies in abundance around us. The machinery for collective bargaining, though devised for other purposes, can be fitted into the new scheme provided it is animated by a new spirit. Certain features of the New Deal can be embodied in the corporative society, because their fundamental trend is in the same direction. Germinal beginnings of corporatism are to be found everywhere, because the idea permeates modern social thought and has gained a firm foothold in the minds of our contemporaries. Indeed, we cannot get away from the cry for socialization, and the only very important question is, what actual embodiment will socialization take on and how will it work itself out in practical reality, for there lie before us various possibilities. The decision depends on our generation, but the outcome of the choice will be determined by the general philosophy which predominates at the time.

If a materialistic interpretation of life gains ascendancy, the socializing trend of our days will culminate in Communism; if the dignity of human personality is forgotten, it will evolve into some form of dictatorship; if a sane philosophy of life and a true understanding of human nature should triumph, there is a chance that society will be reconstructed in the organic and corporative sense of the Encyclicals.

Another important point is this: from whom will the reconstruction proceed? If it comes from one particular class, the ideology of that class will leave its stamp on the finished product. To come any way near the ideal corporative society, there ought to be cooperation of all the classes, for only in that case will it truly and fully represent the common good and embrace all material, cultural and spiritual interests of society. The hearty acceptance of the new society also will depend on this cooperation. On the other hand, if only one class is instrumental in creating the new State or at least

predominantly associated with its genesis, it will have to be imposed on the other classes, and to that extent will meet with more or less resistance. A class State will ever be unable to do justice to the tasks which society has to accomplish. Thus, a chiefly industrial State will inevitably remain indifferent to many values that do not pertain to the industrial order. And there is a real danger at the moment that the reconstruction of society will be the work of one class to the exclusion of the others. Such an initial defect would naturally entail many others. The Encyclicals, therefore, insist again and again that the State is not an affair of one class, but a hierarchical organization bound together by a community of interests and a bond of authority. Hence, reorganized society should reflect this community of interests and not become the agency of a special interest.

The Fascist State stands out in our days as the one great experiment in the corporative reconstruction of society. Whatever one may think of fascism, it bears witness to the powerful trend towards socialization. It may not answer the Papal ideal, but it unquestionably can serve as a provisional model in which we can in a concrete fashion visualize some of the essential lineaments of a corporative society. Once we have a concrete picture before our minds, we can better see how certain features work themselves out when reduced to practice, for abstract judgment in such matters is not always conclusive. We will remember that socialistic ideology has had a part in producing the Fascist State, and likewise that to a considerable extent it is a labor-class creation. Thus, Mr. Andrew E. Malone describes the antecedents of this new State as follows: "In its origins Fascism was a mass-movement, sponsored by leaders of labor, so that Mussolini and his earliest followers naturally saw their country and its problems from the angle of the workman, and its economic structure is now based upon what was the trade

union in pre-war days.”⁷ This implies no condemnation, but would suggest that the concept requires supplementation before it can claim universal validity. There is no immediate prospect that other countries will accept the fascist pattern of organization; but it can be studied with profit, for no doubt some of its features are of more than local applicability and can be modified to suit other conditions than those obtaining in Italy.

One correction immediately suggests itself. It is contained in the following passage: “The idea of a State of Syndicates differs from that of the Corporative State, inasmuch as, side by side with the needs and aspirations of the various categories of producers organized in Occupational Associations, there also exist certain moral and historical values which are not limited to the interests of these Associations, nor are simply an appanage of them, but have a reference to the Nation viewed as a single whole, which is something far transcending a mere organization of various occupational activities.”⁸

Social forces tending towards a reshaping of society in a corporative sense are very much in evidence. Our concern must be that these forces receive the right orientation, and are not diverted into dangerous channels or made subservient to false social ideals. The spirit is the decisive factor.

⁷ “Ireland and the Corporative State,” in *The Clergy Review* (February, 1934).

⁸ Fausto Pitigliani, “The Italian Corporative State,” quoted from the above.

STRUCTURE OF THE VOCATIONAL GROUP

THAT views differ concerning the constitution of the vocational groups is quite natural, since there is no definite pattern at hand after which they are to be constructed. Some experimentation has to go on before a final and satisfactory form can be found. Like other social institutions, the vocational group has to grow, and in this development will be influenced by circumstances of time and place. The finished product can only be the outcome of a process of evolution in which adaptation to newly arising exigencies and appropriate modifications take place. To initiate the process, however, it is sufficient to have some general idea indicating the direction and the dominating features that are to be realized. It is unavoidable that mistakes will occur, since the foresight of man when planning for the future is very limited, but in due time errors will be remedied. In the suggestions contained in the Papal program some elements of structure stand out very clearly; others are designedly left to the future, since the Holy Father does not wish to encroach on that sphere which lies outside his competency as supreme teacher of the moral law and exponent of justice.

There is one question that appears to be beyond dispute and at the same time of vital importance. It is this. In the mind of the Holy Father the vocational group should be non-political. One of the purposes of the social reconstruction on vocational lines is to relieve the Government of functions by which it is unnecessarily burdened and to set it free for its proper tasks. On the other hand, it is undesirable

that the economic forces have a preponderance in governmental affairs, since public authority exists for the common good and should not promote the interests of any class to the detriment of the other classes. Moreover, the politization of the vocational group entails an intolerable bureaucracy and jeopardizes individual enterprise. It may be laid down, therefore, as a prime requisite of the vocational group that it have a non-political character and that it be not made the instrument of the State for imperialistic aims. Notwithstanding the well-deserved praise which the Pope bestows on the achievements of Fascism with regard to social and moral improvement, the Fascist corporations are alien to his way of thinking and do not represent the type which he advocates. A correction will have to be applied, as Father Raaijmakers of Nijmegen and Father Nell-Breuning contend. According to these commentators on the Encyclical, "Quadragesimo Anno," the Fascist economics are imposed on industry by the State for the State's ends, just as is the Soviet System; the Pope's vocational groups are *autonomous* bodies, built on the combined interests of capital and labor and free to adopt their own regulations. Besides, the Fascist corporations do not blend the two factors of production, capital and labor, but only prevent them from indulging in disputes which would unfavorably affect the general welfare. Finally, Pius XI's mention of this new syndical and corporative institution goes to show that he regards it as different from his own.

Father Nell-Breuning is somewhat emphatic in rejecting the Fascist model, for he writes: "Characteristically enough, the Pope introduces the sketch of a pattern as it should not be with the words 'a special syndical and corporative organization.' And, indeed, we find the Fascist Corporate State, which the Pope is now criticizing, to represent a distorted syndicalism rather than a realization of the idea of vocational corporations. However, the Corporate Fascist State boast-

ingly pretends to be the latter, and for this reason the Pope deems necessary some mention and opportune comment. The characterization of the Fascist Corporate State is brief, stressing especially those traits that prove to be the exact opposite to the Papal understanding of corporate order. The opening words of the discussion, 'The State here grants,' are not accidental. Thus, the Pope stresses at the very beginning that the Fascist corporations are not autonomous bodies in his sense, but, as expressed in the following paragraph, are 'actually organs and institutions of the State.' . . . The statements of the Encyclical concerning this peculiar freedom of guilds are irony unexcelled. Thus, two principal defects of the Fascistic organization are characterized: first, the Totalitarian State, the omnipotence of the State, for which the corporate institutions are merely the means of dictating economic life, contrary to the principle of subsidiarity; secondly, the intermingling of public-legal and private-legal domains by forcing the guilds into the public-legal set-up of economic society."¹

SOCIAL FUNCTION

One of the main purposes of vocational organization is to do away with the odious distinction between employer and employe in the sense that the latter is merely a wage-earner and not also a real partner of the employer in the discharge of an important social function. The vocational group established on the principle of social function recognizes this partnership, and accordingly gives to the employe an honorable social status. Even as the capitalist, the employe works for society and not merely for his living. His service is as indispensable as that of the capitalist. From the social point of view there is no essential difference between the two. By combining the two on the basis of function, the vocational group recognizes this fact, which is of such tremendous sig-

¹ "Reorganization of Social Economy" (Milwaukee, Wis.).

nificance to the worker. He is no longer a wage-earner, just as little as the capitalist is a mere profit-maker; he is a performer of a valuable social service which, of course, requires appropriate compensation. He is a member of a functional group which has its legitimate place in the social organism and is basic to social existence. Others are designated by the service they render to society, and from their title derive honor and prestige. We do not speak of a lawyer or a physician as a salary-earner or a fee-receiver. Not the pay, but what he does for the benefit of society, is the outstanding fact about anyone who works. The laborer in this case is the only exception. The vocational grouping removes the stigma and asserts the fact that he is an essential element in the process of production. Capital and labor are coordinated in social service. Labor is no longer the mere adjunct of capital. It is directly articulated with the social organism. That is the deepest meaning of what is termed organization according to function.

Now, as has been remarked above, the fascist organization does not seem to give this idea of function its full expression, and hence fails to assign to labor the social status to which it is entitled. This is the third defect which Father Nell-Breuning points out: "A third factor which contradicts true guild organization, indicated at the beginning as 'trade and professional guild organization,' is expressly stressed by the Pope in stating that 'the corporations are composed of representatives of the unions of workingmen and employers.' The Pope has previously explained that for membership the member's position on the labor market is of no account; Fascism, on the other hand, bases its guilds upon the organization of the two parties to the labor market. Rather than minimizing the class contrast by guild organization, it provides a firm foundation for them in its syndicalism. To proceed in a manner worse than this is well-nigh impossible. Neither is it pos-

sible to characterize the existing contrast better than it has been done by the Holy Father."²

If all these matters are taken into consideration, it will be difficult to endorse the opinion of Mr. Stanley B. James, who claims that Corporatism as understood by the Encyclical and Fascism are identical in inspiration and execution. In an interesting article he writes: "As a political system, the compatibility of the Corporative State with the traditional teaching of the Church has yet to be demonstrated. . . . But from the economic standpoint there seems to be some reason for considering Fascism as of universal validity. In its main principles it embodies the truths laid down in 'Quadragesimo Anno.' As background for its chief features lies that social philosophy of the Universal Church which has entered so deeply into the mentality of the Italian people, whose interpreter Mussolini is. . . . It is one of the startling facts of modern history that it should have been left to a whilom anti-clerical to bring back the nation, so far as concerns its social and economic life, to its own native and Catholic self. . . . In his 'Life of Mussolini,' Sir Charles Petrie says: 'It is claimed by his admirers that the whole social system of Fascism is but the logical development of the famous *Rerum Novarum* Encyclical of Leo XIII, and that there is a good deal to be said for this point of view, would appear to be proved by the remarkable similarity of the attitude adopted by Pius XI towards the question of Capital and Labour and that of Fascism.' But this is underestimating the resemblance. It would seem to extend beyond the single issue mentioned."³ Whatever view one may entertain in regard to this matter, it remains that much can be learned from the concrete embodiment which Fascism has given to the corporative ideal of society.

² *Op. cit.*

³ "Fascism and Christian Economics," in *The Month* (March, 1933).

A NEW CONCEPT OF LABOR

A recent work coming from France makes a valuable contribution to a philosophy of labor. Such an interpretation of the meaning of labor is necessary if we wish to assign to the workingman his rightful place in the social organism. This place will only then satisfy the laboring classes if it involves a recognition of the inherent worth and dignity of labor, assures the worker of social esteem, and makes it possible for him to enjoy a measure of self-respect. Human labor has been despised, abused and downtrodden for centuries; it now demands social recognition. Communism attracts many of the working classes because it glorifies labor. A philosophy of labor capable of winning the allegiance of the working classes must evolve a concept of labor which expresses the dignity and the social value of labor. Labor must be seen to be a real good and the essential condition of social existence and human progress. Rightly the laborer resents the patronizing condescension of the other classes, which mostly look on labor as something of inferior value. On the whole, the worker loves his work and enjoys it unless it happens to be connected with degrading external conditions. Joy in his work is, however, frequently spoiled by the supercilious contempt of those who actually live by the sweat of his brow. If Communism in spite of its vile materialism and disregard of the spiritual personality can create in the battalions of labor a noble pride, a splendid enthusiasm and an overflowing joy in their work, a genuinely spiritual philosophy ought to be able to do this in a far more effective and lasting manner. It is not a question of merely reconciling the laborer to his lot, but of inspiring him with love for his work and pride in his accomplishments. Labor must be invested with a radiance of its own, and appear as a thing of beauty and joy.

This can be done if the social value of labor is clearly

understood by the laborer and theoretically and practically recognized by society. During the world war labor was exalted in this manner, and the laborer was made to feel his supreme importance in the hour of national need. As a result, he put his soul into his work and gloried in the part that fell to him. He realized that he was as indispensable to victory as the soldier in the trenches and the general at the front. After the war all this was forgotten and labor sank back into obscurity. But labor is as necessary for general human progress and the advance of civilization as it is for the winning of a war. That is the point that must be brought home to the worker himself and especially to all ranks of society. Other ranks in the social pyramid may stand higher, but they stand on a foundation created by labor. Still the laborer is painfully made to feel that he works for a wage and for a living, as though society graciously supported him and granted him his living as an undeserved bounty. What a ridiculous and grotesque perversion of the facts! Leo XIII blasts this distorted notion when he says: "We have insisted that, since it is the end of Society to make men better, the chief good that Society can be possessed of is virtue. Nevertheless, in all well-constituted States it is by no means an unimportant matter to provide those bodily and external commodities, 'the use of which is necessary to virtuous action.' And in the provision of material well-being, the labor of the poor—the exercise of their skill and the employment of their strength in the culture of the land and the workshops of trade—is most efficacious and altogether indispensable. Indeed, their cooperation in this respect is so important that it may truly be said that it is only by the labor of the workingman that States grow rich."⁴ To which Pius XI adds: "Is it not indeed apparent that the huge possessions which constitute human wealth are begotten by and flow from the hands of the workingman, toiling either unaided

⁴ "Rerum Novarum."

or with the assistance of tools and machinery which wonderfully intensify his efficiency? Universal experience teaches us that no nation has ever yet risen from want and poverty to a better and loftier station without the unremitting toil of all its citizens, both employers and employed.”⁵ This recognition of the social value should be incorporated in the very concept of labor so that the definition of labor no longer suggests that the laborer merely works for himself in order that he may live, but that first of all society reaps the fruits of his work.

The French volume alluded to attempts to frame a definition which sets in proper relief the social aspects of labor and frees it from the implication that it is merely a means for the selfish purpose of gaining the necessities of life. The definition reads: “I call labor that effort which creates useful goods, that is to say, the effort which puts itself at the service of a work which is itself destined for the service of humanity, an effort which is personal in its origin and fraternal in its ends.”⁶ The French term, *œuvre*, is translated by work, which is not quite as expressive as the French equivalent; the idea to be conveyed is that of a socially useful task, a significant enterprise, an objective function redounding to the benefit of the community, a great public utility. At all events, the definition emphasizes the circumstance that the laborer is doing something for the common good, and that therefore his occupation constitutes a social service in the same manner as the various professions do.

In this spirit also Mr. Maurice B. Reckitt writes: “Work must be related to social utility. The worker must be able to feel that his job is worth while, not only to him as he does it but to society when it is done. Such a conviction may be absent in very many cases today, and ought perhaps to

⁵ “Quadragesimo Anno.”

⁶ “Le Travail et l’Homme.” By Etienne Borne and François Henry (Paris).

be absent in many more. On the one hand, we leave the unemployed to deduce that they must be socially useless if the system cannot fit them in, and that it would even be better if they were out of the way altogether. On the other, by setting such store on employment, we induce the worker to think that it matters little what he may be doing, so long as he is doing something. But a true social incentive would be founded, not upon the fact of activity, but upon its nature and purpose. This chapter has included unfavorable comment on the character of the Soviet industrial dictatorship; yet, it is not only fair but actually illuminating to appreciate that element in the planned economy of Russia which offers an inspiration and a dynamic to the human agents thereof. It throws light on the dictum of M. de Man that 'the aim of productivity remains inseparable from the aim of social utility.'"⁷ In his review of the French book mentioned Mr. Edward Quinn says with excellent reason: "Labor is eminently useful; purposeless toil is either rejected or unwillingly endured by man. . . . What is certain is that the worker strives to perfect something which will have value for the community, and does not merely apply himself to toil in order to provide himself with the necessities of life—he resents being a mere wage-earner and his labor is meant to have a social character."⁸

Now, in the professions the service rendered is more immediately evident even in an individual instance. We feel obligated and grateful to the physician who ministers to our health and offer him his fee almost apologetically. We have no such feelings in regard to the factory worker, though we need and use the product which his hands have turned out. We may feel a mild gratitude towards those who render personal service, but even there we more or less consciously entertain the notion that we are furnishing for them the

⁷ "A Christian Sociology for Today" (New York City).

⁸ *The Tablet* (December 4, 1937).

conditions of their livelihood. Somehow we imagine that they are living by our grace and favor. This is the tacit assumption that has led to the justification of conspicuous waste and luxury in the rich and the socially prominent. It is by the luxury of the wealthy that the great servant class lives. Servants are regarded as dependents who are allowed to live by the extravagances of the rich. Hence, extravagance and luxury are eminently social virtues. The worker is able to live because society kindly gives him employment. The labor of the individual worker is not appreciated as a social service without which society could not exist and without which there would be no wealth.

Vocational organization alone will put an end to these radically false and absurd ideas so common with the favored classes, for no one can be so blind as not to see that the great industries are the sources of national wealth and social well-being. Incorporated in one of these productive associations the laborer realizes that he is part of a great and useful social scheme. He feels his own social value, and others will be compelled to acknowledge his social usefulness. The importance of the function with which he is associated imparts significance and value to him. As the French authors say, the laborer stands in the service of a great social work, the necessity and importance of which cannot be ignored. In the greatness of this work he rightly participates. Thus, vocational organization brings honor to labor and accentuates its social character and usefulness. The laborer no longer figures as a mere wage-earner.

EFFECTS OF CORPORATE ORGANIZATION

CORPORATE organization is devised to bring about in society something of the balance, harmony and proportion which characterize an organism. One of its first aims will be to do away with the excessive inequalities that are the logical result of unrestrained economic power, to break up the unwholesome centralization of industry, and to put an end to the domination of financial power. Though corporate organization extends to all fields of human endeavor, at present interest centers particularly on such organization as applied to the two factors cooperating in production, capital and labor. Here the end is to overcome the cleavage and antagonism existing between the two and to secure harmonious relations which will benefit the parties concerned as well as society in general.

Though corporate organization of industry does not imply the abolition of the wage system, it certainly intends to end the proletarian condition of the worker. Two things make the proletarian: insecurity and dependence. From these follows as an unfortunate corollary the inability to rise to a better position in society. This evil situation is remedied by occupational organization, since it furnishes the worker security and likewise gives him a voice in the management of industry. As a consequence, it leaves the door open to him for advancement. Father von Nell-Breuning, S.J., says on this subject: "Corporate order does not touch upon the separation of capital and labor. In so far, therefore, capitalistic economy as understood by the Encyclical is entirely possible

also in a corporate order of human society. However, the establishment of the right order for human society eliminates from the separation of capital and labor that side which makes it so unbearable at present; it makes full-fledged and fully qualified professional members of those who by their labor add to production, and thus to the common contribution to the welfare of society; thereby it restores them to the nation; it assures them of their standing in society, something that has become lost.”¹

Although a salaried man may not have any private property and depend entirely on his salary, still his status is not that of a proletarian because his position is guaranteed to him and he is not totally dependent. That is exactly what occupational organization will do for the worker and so lift him out of his proletarian dependence. It does not matter much whether security comes from the possession of property or from social status. The latter kind of security is essentially compatible with the condition of a wage-earner. Thus, Dr. Goetz Briefs writes: “The status of a wage-worker in society is not proletarian so long as he enjoys security of employment, coupled with a just wage and the possibility to rise in the social scale. A wage-worker need not necessarily be a proletarian. . . . The wage-system, intrinsically, is unobjectionable from both a moral and a social point of view. . . . Again it is possible to conceive a wage-system granting wage-workers the opportunity to pass to another, better economic station in life, just as in medieval times apprentices and journeymen ultimately became masters in their craft. There would be no reason to apply the term proletarian to those working under such conditions.”²

On the other hand, however, there will also be a wide distribution of the ownership of the means of production. This

¹ “Reorganization of Social Economy” (Milwaukee, Wis.).

² “Have We a Proletarian Problem?” in *Centralblatt and Social Justice* (1937).

will tend still more towards the removal of the proletarian character of the worker. It will be made possible for every member of the occupational group to acquire an interest in the working capital. In this there are no socialistic or collectivistic implications, and the ownership at which occupational organization aims is basically different from that of socialistic syndicalism. Thus, ample margin is left for the play of the natural motives of self-interest and for the exercise of initiative. For the display of thrift there will likewise be full opportunity.

There naturally will be those who have no desire for advancement and who have no ambition to share in the ownership of the instruments of production. These, though they are secure in their employment and assured of the things required for decent living, block their own progress. This is inevitable because no social arrangement can transform human nature. In contrast with a socialistic regime, occupational organization holds out sufficient incentives to call forth individual effort, though it does not make the prizes to be won high enough to override all moral considerations and to stimulate greed beyond the possibility of resistance. The social impulses which form part of man's native endowment as much as his egotistical tendencies will be supported and reinforced by appropriate organization. The group will be a reality, and it will be capable of arousing loyalty and devotion. An actually existing corporate organization constitutes an appeal to inborn social instincts, and will bring them to fuller development. This loyalty to the group will blossom forth especially as membership in the group has been freely chosen. After all, man's social inclinations need a chance in order to grow, but in the present order there is nothing to which they could attach themselves.

The greater the community of life prevailing within the group, the greater will also be the social spirit which develops within it. The vocational group now will consist in a com-

munity of life that extends far beyond the mere tasks of production. Other activities will be shared, and the more there are of such activities, the stronger will the mutual social bonds grow. There will be common educational and cultural interests, all of which will be so many new ties to bind the members together in a closer fellowship of life. Thus, a strong group consciousness will emerge, evoked and fostered by the many social contacts. Man becomes social in mind when he lives socially; he becomes unsocial in proportion as he lives in isolation. The group life will beget the group spirit. Social sentiment must have a physical basis, and the vocational group with its manifold social interrelations provides a very favorable soil for the development of a strong and vivid social sense.

Of course, there must be an initial fund of social sentiment to start with, but this will be reacted upon by the existing order and come to full fruition. Men living in association spontaneously begin to experience neighborly feelings towards one another for the simple reason that the social instinct is overwhelmingly powerful in man and will come to the fore unless it is unduly hampered. In this sense Father von Nell-Breuning speaks of a cumulative effect of organization and says: "The corporative order of society and economics also presupposes a more perfect moral behavior by all concerned, but at the same time makes it possible and simplifies it. Corporative economics cannot, of course, be accomplished with people who believe in class struggle and are filled with class hatred and envy. But the creation of corporate order overcomes class disunion, makes class struggle unnecessary, and thus does away with class hatred and envy."³ That is to say, a social institution exerts an educational influence and socializes men if they are not totally devoid of neighborly sentiments. In an occupational group the closeness of the association which the common tasks pro-

³ *Op. cit.*

duce will create a true spirit of solidarity which could not arise in men who are not brought into intimate contacts by a common function.

INDUSTRY MUST BEAR ITS OWN BURDENS

The groups in question will attain to a relative self-sufficiency and adequately care for the various needs of their members. Within these groups provision will be made for unemployment, sickness, old age, disability and the other ordinary vicissitudes of fortune. Except in very extraordinary circumstances it will not be necessary to have recourse to State help. This is manifestly much better, since the smaller group can handle the problem of relief much more expeditiously and economically than a central authority. We may also presume that assistance will be imparted in a more humane and friendlier fashion, because men in the group are animated by neighborly sentiments not unlike those that prevail between the members of a family. As it is now, industry throws its burdens on society, and when it has used up the worker leaves him to the kindness of others but itself assumes no further responsibility. In a really organized society the worker belongs to his group for better or worse. It cannot simply discard him, and absolve itself of all responsibility towards him.

This matter of social security is most intimately bound up with organization. It constituted a prominent feature of medieval guild organization, and will naturally be revived in connection with the vocational order. The group within limits will be self-sustaining, and this means that it must be able to minister to the material needs of all who belong to it. The earnings of industry, if not unfairly appropriated by a few, will be sufficient to maintain all who join in the process of production in decent comfort. The form which this assistance will assume will most likely be that of a pen-

sion or an annuity which burdens the community only for the time the beneficiary lives. At the time of death, therefore, the claim ceases and thus does not become a perpetual lien on society as in a capitalistic society. The so-called "dead hand" cannot lay its heavy weight on the vocational group.

At ever so many points, thus, the life of the individual touches the life of the group; there exists between the group and the individual a real identity of interest; the group is an extension of the self and aids in its fuller realization; the community lives in the consciousness of the individual. Loyalty and devotion to such a social body spontaneously grow up, and the members would work for the benefit and advancement of the group in the prosperity of which they shared. It is impossible to conceive of similar sentiments in relation to the capitalistic organization of industry. There is in the vocational group a real social element which holds the group together and is actually experienced in the consciousness of the members. This inner consciousness leads to social activities. The process is described by O. von Gierke as follows: "What outer experience teaches us is confirmed by inner experience, because the reality of the social life of the community exists also in our consciousness. It is an inner experience for us to find the place for our Ego in a highly developed social life. We feel ourselves to be self-contained units, but we also feel that we are part of a whole which lives and acts within us. Take away our relation to nation and State, to religious bodies or churches, to profession and family and all kinds of unions and guilds, and we should not know ourselves, in the miserable remnant that should remain. When we realize this, we understand that all these things do not mean mere chains and bonds for us, but that they represent a psychic chain of experiences affecting our innermost life and forming an integral part of our being. We become conscious of the fact that part of the impulses di-

recting our actions emanates from the sense of community in us, and that we are living the life of social beings.”⁴

It is difficult for the modern mind to attain to the conception of the social as an objective reality and something good in itself though not apart from the members. Our modern conceptions of the social are too artificial and too legalistic. Rationalism and liberalism have robbed the concept and reduced it to little more than a legal fiction. What we need in this respect is a true realism which imparts to society and the occupational group an objective value and entity. The vocational organization cannot, therefore, be conceived after the manner of a stock company, which in no sense establishes a social bond between the shareholders but merely produces greater combinations of money. Quite appropriately such combinations are called in French *sociétés anonymes*, because the personal element does not enter into them and they only bear upon things. The vocational organization emphasizes the human side; it is an association of men and the basis of the organization is human interest.

THE PERSONAL BOND

The Papal program stresses the inner bond, the spirit that unites men in a common task and service. It is not the function merely that brings them together, but rather the inborn social tendency which inclines men to help one another. In this emphasis on the spirit Christian solidarism differs vitally from Communism, which also unites men in a very close union but accomplishes this by subordinating the individuals to things, to functions, to the plant, to the machine. In the communistic society we, therefore, have something which resembles the beehive and the ant colony. In these there is perfect organization, but on the basis of physiological function and adaptation. Such a conception will naturally be for-

⁴ “Das Wesen der menschlichen Verbände” (Berlin).

eign to any social philosophy that puts value on the dignity of human personality and will not allow man to be used as a means. In this sense Dr. Christ says: "Not the process of production but the men who produce must first be organized. One must not begin from above, from the State, nor from below, from the product, but everything must revolve around the natural hub of creation, man."⁵

If this is the case, the vital matter is the infusing of social sentiments into the hearts of men, for men who are not social-minded cannot be socialized. From whatever point we approach our question, we always return to the same conclusion, namely, that a new social order is impossible without an inner reformation of man. And according to the Holy Father justice is not enough, but charity is also required to bring about a true union among men. Very explicitly he writes: "Now, in effecting this reform, charity, 'which is the bond of perfection,' must play a leading part. How completely deceived are those inconsiderate reformers who, zealous only for commutative justice, proudly disdain the help of charity. . . . For, justice alone, even though most faithfully observed, can remove indeed the cause of social strife, but can never bring about a union of hearts and minds. Yet, this union, binding men together, is the main principle of stability in all institutions, no matter how perfect they may seem, which aim at establishing social peace and promoting mutual aid. In its absence, as repeated experiences prove, the wisest regulations come to nothing. Then only will it be possible to unite all in harmonious striving for the common good, when all sections of society have the intimate conviction that they are members of a single family and children of the same Heavenly Father, and further that they are 'one body in Christ and every one members one of another,' so that 'if

⁵ "Wie die berufständliche Ordnung einzeführt werden kann," in *Centralblatt* (1934).

one member suffer anything, all members suffer with it.'"⁶ Justice keeps men apart, charity binds them together.

Men count in this question of social reform. It is their personal attitude which matters. The spirit, the sense of corporate responsibility, the sentiment of fellowship, welds the members together, but a spirit does not reside in things. It can have its habitat only in men. In the souls of men, therefore, must arise a corporate aspiration for objective righteousness, that is, a righteousness which has become concrete in an actual order. So, the Sovereign Pontiff writes: "To that end all the institutions of public and social life must be imbued with the spirit of justice, and this justice must above all be truly operative, must build up a juridical and social order able to pervade all economic activity. Social charity should be, as it were, the soul of this order, and the duty of the State will be to protect and defend it effectively. . . . If then the members of the social body be thus reformed, and if the true directive principle of social and economic activity be thus reestablished, it will be possible to say, in a sense, of this body what the Apostle said of the Mystical Body of Christ: 'The whole body, being compacted and fitly joined together, by what every joint supplieth, according to the operation in the measure of every part, maketh increase of the body, unto the edifying of itself in charity.'"⁷

It is to be remarked that Pius XI here for the first time refers to the idea of the Mystical Body of Christ. Patently, therefore, he does not make this concept the source of his reasoning, but what he has so far said on the corporate order of society is based on rational principles. This is of some importance, as there have been made attempts of late to base sociology on revealed truth. Faith in this matter may of course serve as an inspiration and as a negative norm, but

⁶ "Quadragesimo Anno."

⁷ *Loc. cit.*

it does not furnish the principles on which a social theory can be erected.

We are glad to have Father Nell-Breuning, S.J., with us in this matter. Warning against confusion, he says: "When everything the Pope demands here will have been realized, then 'it will be possible to say, in a sense, what the Apostle said of the Mystical Body of Christ.' Here for the first time the Pope introduces the idea of the Mystical Body of Christ. In recent years people in Germany have been frequently confronted by this idea. Variouslly interpreted, it has formed the pretext for so many things that we have become set against it. It was intended to develop a Christian social doctrine based upon this idea of the *corpus Christi mysticum*; Christian Solidarism was even blamed for opposing this idea and trying to build its social doctrine upon a purely natural foundation. The Pope himself proceeds along the lines of Christian Solidarism. This has been brought out in the interpretation of the Encyclical's title, as well as in the introduction to the paragraph dealing with the new social order.

Pius XI, as has been said, bases his social doctrine upon a foundation of natural reasoning rather than the truth of revelation. How far he is from developing his social doctrine out of the doctrine of the *corpus Christi mysticum*, is proved here where he declares with a reserve, deliberate and intentional, that the comparison with the Mystical Body of Christ is applicable 'in a sense.' Even more, Pius XI does not compare the restored social organism directly with the Mystical Body of Christ, but merely finds a description of the Mystical Body, given by the Apostle, to some extent applicable to the social organism."⁸ From which it appears that a concept, however excellent and lofty in itself, when wrenched from its context may become distorted, produce confusion and arouse antagonism.

⁸ *Op. cit.*

CONCRETE ASPECTS OF VOCATIONAL ORGANIZATION

AN abstract conception of a thing differs in many respects from the actual and concrete reality. The latter is in numerous ways conditioned by circumstances which on the part of the general plan require adjustments and modifications. For that reason it is not always easy to translate a theoretical plan into reality. This also applies to the vocational reorganization of the economic order. In the present condition of things the vocational idea can be little more than a goal which indicates the general direction of the way. How it will actually work itself out cannot yet be set forth in complete detail, but merely foreshadowed in a more or less abstract fashion. This is true more emphatically because vocational reconstruction is to be really organic and not a mechanical and compulsory arrangement. To a large extent it is, therefore, to be left to spontaneous growth, though guided by a preconceived plan. A number of details will have to be sketched into the general picture which we have so far drawn before it can take on the appearance of completeness.

It may be well to remember that the Papal program does not aim at furnishing a blue-print of the new order which could be carried out in the same manner in which a builder executes the plan of the architect. Hence, the contention that the Gospel contains the solution of all our economic and social problems can be accepted only with certain reservations. With regard to this point, the Most Rev. Leo P.

Kierkels, Apostolic Delegate to the East Indies, writes: "The social and economic doctrine so masterfully expounded and defended in the Papal Encyclicals is enhanced by, but not derived from, Revelation; nor is it meant for Catholics and Christians only. Its appeal is based on natural truths and logical reasoning, helpful to men of all creeds to reach a mutual understanding on some of the basic principles of social order."¹

The rebuilding of the social order is moreover not the task of the Church, but belongs to the power which is entrusted with the office of promoting the temporal welfare of men. Accordingly, the Pope appeals in this matter both to the State and to private initiative. It is at once the right and the duty of men to form in the various departments of human activity associations which will enable them to secure their ends more effectively and to protect their interests. The new order accordingly may have its beginnings in private initiative and in restricted localities, from which it may gradually spread to embrace larger territory.

Mr. Edward A. Koch, an ardent advocate of the guild system who strongly favors such development from below and from local beginnings, writes: "The procedure will be far sounder and in accordance with organic growth, if small local units begin first and then increase in number and unite into larger units. The introduction of the new order in its entirety at one time would require the powers of a dictator."² Whilst agreeing that this mode of procedure appears the most desirable, we are not sure that it is practical.

At all events, Pius XI looks to the cooperation of the State for the carrying out of the gigantic task. The Church can merely create a moral atmosphere which is favorable to the new order. Though this is obvious, we have to be reminded

¹ "Catholic Sociology and Apologetics in India," in *Centralblatt and Social Justice* (1938).

² "The Local Industrial Guild. A Beginning Anew" (Germantown, Ill.).

of it from time to time lest we burden the Church with tasks that lie outside the sphere of her competency, and make her responsible for conditions wherefor the responsibility should be placed on other shoulders. The Apostolic Delegate, therefore, plainly states: "The Church neither proposes nor promises to effect herself the practical reconstruction of the economic social order, for which, says Pope Pius, 'she has neither the equipment nor the mission.' But she throws the whole weight of her authority on the side of social justice and human solidarity, as explained in the Encyclicals which enunciate, not a technical system, but guiding principles that, in the words of the same Pope, 'have become part of the intellectual heritage of the whole human race,' thus creating and fostering a world opinion which is at the root of the contemporary clamoring for social reform."³

PRIVATE INTEREST AND SOCIAL WELFARE

The chief excellence of the vocational system is that it destroys nothing but conserves all existing human values, moral forces and psychological tendencies. It in no way does violence to the innate inclinations of human nature, but allows them to expand within legitimate limits. It sanctions well-ordered self-love, love for family, group loyalty, patriotism, building them up into a hierarchical pyramid which culminates in the common good. Harmonization is the idea, not destruction. Of course, the balancing of these seemingly opposed interests presents certain difficulties, will never be perfect, but will always leave a tension; and it is on that account that more simplified solutions which completely destroy one interest in favor of the other make a stronger appeal to the unthinking. Withal, only a solution which respects what is truly human can have permanence.

There are two corollaries which follow from the com-

³ *Loc. cit.*

plexity of the Catholic solution; the masses will have to be educated in order to appreciate its true value, and it will require time to introduce an order which has no intention to create ruins. With regard to this point, which calls for a little emphasis at the moment in view of the impatience of some of our contemporaries, we can also quote the Apostolic Delegate who says: "Such a social order respects or utilizes all inherent and historical human values, such as legitimate freedom and independence, sane self-interests, loyalties and moral responsibilities in the domestic, communal and national spheres, organically coordinated for the greater individual and common good, all cultural, ethical and religious, in a word spiritual, factors of civilization, which even Russia resorts to in opposing them."⁴

The harmony of interests is embodied in the structure of the vocational group, which unites employer and employe in a common task and directs their common function to the well-being of society. This particular and important feature is likewise set forth clearly by Bishop Kierkels, whose words on the subject we quote *in extenso*: "The stress is laid not on workers and employers but on their common performance in a determined line of economic requirements—as, for instance, mill owners and mill workers organized in one corporation towards satisfactorily supplying the nation with cloth and earning a suitable livelihood in the process. Hence, such corporations are not only corporate *interest* organizations but also, and even more, public *welfare* organizations. Each corporation embraces horizontally a given profession throughout the nation, but is vertically subdivided into local and regional sections, with local, regional and national corporative Boards elected by the members, in accordance with statutes and laws sponsored by the State, which functionally represents the general welfare and must see that each

⁴ *Loc. cit.*

corporation works harmoniously in its own sphere and in relation with the others for the greater common good.”⁵

The service idea is as essential to the spirit of the vocational group as it is to the profession, but it does not exclude the motive of gain, though it acts as a check on the latter. As has been mentioned before, vocational organization intends to raise business and industry to the status of a profession, and to impart to them a strong infiltration of professional idealism. The professional ideal of late has been somewhat obscured by the emergence of professional sport in which the motive of gain is uppermost. In view of this lowering of professional aspirations and ideals and the attendant misconceptions, it will be opportune to restate the traditional concept of professional service in all its purity and to free it from mercenary implications, for the concept itself constitutes a social value which we cannot afford to lose. If the commercial spirit is injected into the profession itself, patently nothing can be gained by holding up to the business man the example of professional service. Hence, it is encouraging to note that the old professions themselves protest against a perversion of the inherited ideals and take pains to keep themselves free from the mercenary taint.

Mr. Roscoe Pound in the *American Bar Association Journal* voices this sentiment very strongly, and since his words accurately express the basic inspiration of the vocational group, they are not out of place in this connection. The learned writer says: “Undoubtedly the professional athlete has tended to confuse popular ideas relative to professional ethics. The distinction between the professional and the amateur, of which we hear so much in the absorbing interest of sport, has done much to make a profession denote a money-getting activity. In the face of the modes of thought engendered by sport, it is not easy to impart the conception

⁵ *Loc. cit.*

of a group of men pursuing a common calling as a learned art and as a public service—none the less a public service because it may incidentally be a means of livelihood. In the practice of law we have never lost this older idea of a profession of lawyers, because the law is a tenaciously conservative calling and our books and traditions are full of it. But the idea was sorely tried under the reign of pioneer modes of thinking in nineteenth-century America, and recent investigations of lawyers, physicians and their runners in some of our large cities show how a purely business conception and business organization of law practice along the lines which govern in commercial and industrial activities, with an eye solely to profit, may grow up as a spontaneous product of conditions in our urban communities. Those investigations show also how seriously this conception and this type of organization may impair the public administration of justice. Let me repeat what we mean by the term profession when we speak of a profession of law. We mean an organized calling in which men pursue some learned art and are united in the pursuit of it as a public service—as I have said, none the less a public service because they may make a livelihood thereby. Here from the professional standpoint there are three essential ideas—organization, learning and a spirit of public service. The gaining of a livelihood is not a professional consideration. In fact, the professional spirit constantly curbs the urges of that incident.”⁶ With slight modification, this idea can and should be transferred to the occupational group, which first of all represents a social service, and secondly provides a decent living for those engaged in this service. The other factor, that of special skill and acquired fitness, will also eventually enter into the constitution of vocational occupation as it did into the medieval idea of the artisan and the master craftsman.

⁶ “What Is a Profession?” Quoted from *Review of Reviews* (December, 1936).

TECHNIQUE AND SPIRIT

If there was a time when the Papal idea seemed vague and shadowy and it was difficult to give it concrete visualization, this stage has now been passed. Corporate organization of society has taken on concrete forms in several countries; and though these forms may not represent what Pius XI had in mind, they do help us to get a picture of what he meant. Corporatism is no longer mysterious. We might say the bodily framework is there and waits only for the right spirit to infuse it with true life. In fact, contrast may assist us in clarifying our own ideas on the subject. If we notice in the existing types of corporatism features which fail to satisfy us, we can point out what correctives ought to be applied. These experiments are not useless, but supply us with concrete instances which we can criticize in the light of the ideal. Once the true corporate spirit is diffused throughout society, existing institutions will be modified in accord with its exigencies. Hence, though the Corporate State as it exists is not identical with the corporative society as we have previously mentioned, it still is possible that the former contains the latter in a germinal condition. It is even not improbable that the Corporate State by its own inherent tendencies will pass into the corporate society. For one thing, the excessive centralization in the Corporate State may by its own weight result in a greater decentralization. Therefore, whilst the technical reconstruction of the social order is a matter of great importance, our chief task will have to be the building up of the right social attitudes.

To this conclusion Father James, O.M.Cap., also comes in a recent article. "Besides the reform of institutions," he writes, "there is a second reform to which the Encyclical refers, the reform of morals. One without the other is incomplete. For no more is it sufficient to bring about a change of heart in favor of Christian ideals than it is to fashion

perfect institutions. . . . The reason is obvious. For it is the spirit in which institutions are made and worked that really matters. . . . The order of justice linking up the individual with the State and the State with the individual, binding men together in the mutual fulfillment of their duties, suggests an organic body. But it is a body that is living only when the spirit of charity penetrates and flows through all these relationships.”⁷ This is eminently true, and we accept it in its entirety; but for reasons which we have stressed at a previous occasion we hesitate to endorse the learned writer’s following statement to this effect: “For charity is not only almsgiving; it is life, the very Life of Christ, the Spirit of Christ, that has power to make of the social body a living thing, the very Body on earth of Christ Himself.”⁸ We cannot absolutely identify temporal human society and the Church, and only the Church is the Mystical Body of Christ. A corporative society is possible in the natural order, because man is essentially a social being and endowed with social tendencies, though these are immeasurably reinforced by the Christian virtue of charity.

Corporatism is not foreign to the natural man, since it appeals to many even in the distorted and exaggerated form of Communism and Fascism. It can, therefore, be established on rational grounds. To such a corporative system based on entirely human considerations Bishop Kierkels refers when he speaks of the social ideal proposed by Mr. Bhagavan Das, a contemporary Hindu philosopher. Now, it is quite conceivable that the Hindu mind, never having been tainted by the infiltrations of liberalism and individualism, will evince a greater receptivity for the idea of corporatism. However this may be, it remains interesting, instructive and encouraging that a social ideal similar to that described in the Papal

⁷ “Reform or Revolution?” in *The Irish Ecclesiastical Record* (February, 1938).

⁸ *Loc. cit.*

Encyclical has sprung up from soil so dissimilar. The resemblance is so close that the Apostolic Delegate borrows analogies from the system of the Hindu sociologist to make the Papal ideal clear to his Hindu audience. Thus he remarks: "His (Mr. Bhagavan Das') terminology, if not his meaning, coincides so nearly with our social program that here in India his description of social organization constitutes an apt illustration of what we mean by corporative social order." Then, after giving an outline of the system, he adds: "If, in the interpretation of Mr. Bhagavan Das, guilds are understood as free professional organizations, with suitable horizontal and vertical subsections and membership not only by birth but also by choice and aptitude, if the business professions and laboring professions in a given line of performance are moreover united in functional groups as already explained, if finally we suppose them animated with the sentiment of Mr. Gandhi when he wrote: 'For me there is no escape from social service, there is no happiness on earth beyond or apart from it,' we have practically a pattern of what we call corporate order, less the fructifying Christian spirit with which we want to imbue it."⁹ It really will be the chief concern of Christianity to supply the dynamics for the reconstruction of society and not to furnish the plan after which it is to be rebuilt.

At this writing another so-called Corporate State has emerged; soon they will grow up like mushrooms. Most of them now are imposed on society by a dictatorial government. Perhaps under existing circumstances this is the only way they can come about, because liberalism and individualism are too deeply engrained in the minds and dispositions of our contemporaries. They will have to pass through a period of long and severe social discipline before they will be inclined to accept of their own accord the restraints and limitations inseparable from true social organization. There

⁹ *Loc. cit.*

are many ideas from which we must be weaned before we will find the ideals of social service embodied in the vocational structure palatable. Maybe the nations of the world will have to go through the hard school of fascism before they are ready to accept a corporate society based on and permeated by freedom. Free organization implies socialized minds. But nothing is more evident than that the minds of our contemporaries are far from being socialized. Where is that deep understanding which sees in the community an objective value for the sake of which it is good to make a sacrifice, and who appreciates that to make such a sacrifice is the finest use to which we can put our freedom? Not even the family and the home are accepted as values in their own right, for the good of which individuals are willing to give up rights, make sacrifices and submit to definite limitations. As long as such a mentality prevails, the vocational reconstruction of society has not the slightest chance; if it is to become a reality at all, it will have to come from above by way of compulsion. Certainly, that is not the way it ought to be, but a survey of contemporary history holds out very little prospect of a happier consummation. Society must again become a reality in the consciousness of men, the life of the community must again be experienced, the social bond must again be felt, and social discipline must again become a joy. Work must be seen, not as something which is done for wages, but as a desired privilege by which we can render valuable service to the community. These are the ideas which are to be bodied forth in a true social organization. If not freely accepted, they will have to be bred into flesh and bone of the growing generation by an iron discipline.

Before they were allowed to enter into the promised land, the Israelites, demoralized by their long sojourn in Egypt, had to undergo a long training in elementary social discipline in the desert and re-learn the essentials of community life. Something of a similar nature will be necessary in our

days. Men who have become desocialized under an individualistic regime, and whose social morale has been shattered by anti-social practices to an unprecedented degree, must, before they are again fit to enter into normal and wholesome social relations, submit to a prolonged social apprenticeship in order to recapture the social spirit. And apprenticeships are notoriously exacting, hard and grinding. That is what lies before us. We will realize this better when we remember that the ruthless competition under which we have been living was in reality a state of brutal warfare. The moral and social aftermath of a prolonged war is not so easily liquidated. Many readjustments have to be made, but the most important is the mental readjustment, and this is also the most difficult. To help mankind in making these spiritual readjustments is our chief task.

VOCATIONAL ORGANIZATION AND UNEMPLOYMENT

IN the present economic order in which production is not properly regulated, unemployment is a common phenomenon which casts its dark shadows into the lives of the working population. The fear of unemployment in its various forms haunts every worker and fills his mind with gloomy forebodings. There is hardly a worker, skilled or unskilled, who has not at some time of his life tasted its bitterness. The laborer engaged in industries which are concerned with mass production is ever obsessed by the terrifying prospect of being laid off and suddenly deprived of the possibility of providing the means of his own support and that of his family. Even when he is actually occupied, this dread lurks in the background of his mind and mars his happiness. The hardest blow to the self-respect of the laborer is his inability to find remunerative employment and to become dependent on public or private charity. Nothing can be more galling than the depressing experience of a man who goes from door to door seeking employment only to find them all closed. The awful pathos and tragedy of the victims of unemployment are reflected in the answer of the idlers in the market place to the question of the lord of the vineyard: "Why stand you here all the day idle?" Can we conceive of anything more disconsolate than the grim words: "Because no one hath hired us."¹ They could do nothing but wait in an inactive suspense which, as the day grew older, became more

¹ Matt., xx. 7.

hopeless and torturing. We can easily imagine their joyful response to the invitation of the householder: "Go you also into my vineyard." In fact, their joy to find work was so spontaneous and great that they did not even delay to bargain for the amount of wages they were to receive. A weight was lifted from their hearts, and they hastened to turn to good use the remaining hours of the day which was already far spent.

Unemployment is the prolific source of many ills. It brings injury to individuals and incalculable harm to society. Prolonged periods of enforced idleness have very deleterious effects on human character. They either beget a mood of discontentment, in which the seeds of revolutionary agitation take ready root and come to luxurious growth, or produce a servile mentality which without resentment submits to a degrading condition of pauperization. When unemployment becomes frequent and extends to great numbers, the morale of men is shattered and the social structure is weakened. Individuals deteriorate, and the nation as a whole suffers a loss of spiritual stamina. A country in which a large portion of the population is reduced to a state of dependence and is satisfied to accept a semi-parasitic existence, will inevitably experience a lowering of national ideals and lose the spirit of independence. Nations can flourish and retain their vitality only when all the classes that make them up are allowed to attain to the full stature of manhood and the realization of their human dignity. In this regard, the laboring class is the most important, for on it the vigor and spirit of the nation greatly depend. If the laborers are broken in spirit and abject in sentiment, the general moral tone of the community cannot remain at a high pitch. The self-reliant laboring class is the backbone of the nation.

The disastrous consequences emanating from unemployment are well understood by Pius XI, and forcibly set forth by him in the following passage: "Another point, however,

of no less importance must not be overlooked in these our days especially, namely, that opportunities for work be provided for those who are willing and able to work. . . . Now, unemployment, particularly if widespread and of long duration, as we have been forced to experience it during our pontificate, is a dreadful scourge; it causes misery and temptation to the laborer, ruins the prosperity of nations, and endangers public order, peace and tranquillity the world over.”² By way of comment Father Nell-Breuning, S.J., adds to this warning a solemn admonition of his own: “After mentioning unemployment the Pope can, of course, not merely pass by this terrible phenomenon. Unemployment is human destiny, and under these conditions the Holy Father cannot be satisfied with mere economic interest. He is moved to heartfelt sympathy, and prompted to express this sympathy. But he also wants to call the attention of those who are responsible to the gravity of the situation. . . . The proletarian mass as a social phenomenon endangers the existence of human society. Mass unemployment, on the other hand, is not to an equal degree a degeneration of the phenomenon of society as such, but a phenomenon of economic disturbance; but it does represent focal danger from which radiate destructive influences that may set the world afire and, finally, destroy everything.”³ The recurrence of unemployment on a large scale in our present economic system, therefore, constitutes a truly alarming fact, and must be regarded as a fatal tendency eventually bringing about the disruption of society; being inherent in its very structure, it will prove the undoing of our industrial order, for it seems that no effective antidote can be discovered. Thus, Father Valère Fallon, S.J., writes: “It appears natural that modern industry requires a great surplus army of unemployed. How large this surplus is at any one time is difficult to determine, since it is affected

² “Quadragesimo Anno.”

³ “Reorganization of Social Economy” (Milwaukee).

greatly by fluctuating business conditions. It is especially difficult to estimate the number of unemployed in the United States, since there is no adequate continuous registration of unemployed workers. To show how unreliable our statistics on this subject are, it need only be remembered that at one time during the depression of the 1930's estimates of the number of wage-earners willing and capable of working but without jobs ranged from 7 to 12 millions. Whatever the extent of this evil, students and governments everywhere agree that unemployment is exceptionally demoralizing to the individual and to economic society, and some remedy or curative must be provided." ⁴ Measures have been devised for the purpose of mitigating the hardships connected with this evil, but the evil itself still is with us and manifests a singular persistence. From the latter fact we may rightly conclude that the abuse has not been attacked at the root, but that we have so far dealt merely with the external symptoms, and it is plain that no cure can be effected in that manner.

Attention ought to be drawn to one particularly obnoxious aspect of recurring periods of idleness. It is this: periodic unemployment has this very bad feature that it tends to perpetuate the proletarian status of the worker, and keeps him forever in the propertyless class. During times of prosperity it becomes possible for the wage-earner to make savings which might form the nucleus of enduring property and create for the worker another source of income besides that of wages. However, unemployment sweeps away these savings, and the whole process has to start over again. Thus, the worker is prevented from rising to a higher social level. An awful futility broods over him. He moves hopelessly in a treadmill, and there is no prospect of advancement. He is condemned to a Sisyphean activity, which has nothing to promise but endless repetition. Unemployment closes the

⁴ "Principles of Social Economy" (New York City).

door to a substantial progress, and shuts the laborer out from all opportunities of permanently bettering his economic and social condition. His savings may avail him against a rainy day and tide him over the intervals of idleness, but they are powerless to effect a change in his social status. That is a very discouraging situation well calculated to take the joy out of labor and to engender a listless attitude towards life and a profound feeling of resentment towards human society, which blocks all the avenues of escape from a condition that is consonant with personal dignity only if it is not final and unalterable. Unemployment, therefore, though in itself an economic phenomenon, has far-reaching social consequences. It closes the safety valve by which the pressure of social discontentment might be lessened, for we will do well to remember that a hopeless class is not a factor of stability but on the contrary an ever-present menace. We had no labor unrest among us as long as this country was the land of unbounded opportunities for everyone who possessed the spirit of initiative and enterprise. The tension began when the workman was debarred from the opportunity of rising above the condition in which he started his career. Unemployment surrounds the wage-earner with unscalable walls in which he sees himself imprisoned for life. So, unemployment creates hopelessness for the wage-earning class, but it is manifestly not good for society to contain within itself a hopeless class. Hope produces patience, resignation and an optimistic confidence in the power of things to right themselves, whilst hopelessness arouses hostility against what exists, destructive fury and revolt.

THE HANDICAP OF AGE

The incidence of unemployment is particularly frequent after the age of forty, when industry considers a man as having passed the highmark of efficiency and starting on the

downward curve. In this case tragedy reaches its culmination. The plight of the middle-aged worker who has lost his job is extremely sad, for, whilst a man who has reached the fatal age may be able to retain his job under normal circumstances, it will be very difficult for him to get back to work once he has been laid off. Mr. Waldemar Kaempfert sums up the situation for us. He writes: "He is no sudden apparition, the workless man over forty. As far back as 1866 witnesses testified before a special Massachusetts commission that woodcarvers and cabinet workers were economically old after forty. . . . The modern factory, with its emphasis on efficiency, subdivision of labor, mass production, created the problem of the jobless, propertyless man over forty. . . . It is the unskilled and the semi-skilled who have the greatest reason to shudder at the specter of middle and old age. . . . Solomon Barkin, the investigator who wrote the report of the New York Commission on Old-Age Security, declares that in the manufacturing industries of the State of New York the older person, meaning the man or woman over 45, is definitely barred from 59 per cent of available jobs. . . . The verdict of 'too old' affects not only manual workers but white-collared clerks, engineers, chemists, teachers, professionals as a class. . . . The young, hustling firms are especially hard on the man over 40."⁵ There can be no doubt that industry in our days discriminates against older men. The reasons are various. Whether these reasons are objectively true, is not for the moment the point at issue; the fact is that they result in guiding policies.

The older man is looked upon as a poor physical risk. It is assumed that a man over forty is entering a period of life when degenerative diseases will undermine his efficiency and rapidly incapacitate him for work. Illness at that age, though less frequent, is likely to prove more severe. The next charge

⁵ "The Man over 40: A Machine-Age Dilemma," in *New York Times*, March 6, 1938.

proffered against the older man is that of lowered productivity. It can hardly be denied that the productivity of the class between that of 40 and 65 is below that of the class between 30 and 40. A third charge is that the older man constitutes a bad accident risk. Though this charge cannot be substantiated, it is true that the recovery of the older man requires more time and accordingly is more costly—a point that has some bearing on the question of accident compensation. The final charge against the older man is that he is too slow and inadaptably to changing conditions. The whole tendency of the present technique of production is towards increased speed. The machine sets the pace to which the worker must adapt himself. This is a relentless process in which the slow are weeded out and resigned to the industrial scrapheap. The speed-up practice in some forms of industry is truly ruinous, and is responsible for the premature aging of many workers. In the Automobile Industry, for example, it takes a very heavy toll, as Mr. Leon Henderson, Director of the Research and Planning Division of the NRA, sets forth: "It is socially and economically indefensible for an industry of this size to say that old age comes to its workers from ten to twenty years prior to the time it comes to any other group of similar workers in the United States."

EFFICACIOUS REMEDIES

In the present competitive system there seems to be no possible escape from the dire scourge of unemployment; to reduce the extent and diminish the frequency of the evil, nothing less than a reorganization of industry would be required. This view is held by others, as the following passage indicates: "The State has been the decisive support of the capitalist economic order, despite the view, widespread not only in labor circles but to a great extent also in bourgeois intellectual circles, that the terrible evil of unemployment

can be abolished only through a profound transformation of the existing economic organization and the introduction of some form of planned economic control.”⁶ Now, it is our conviction that the vocational organization of industry will be able to cope with the problem and do much towards removing the abnormal phenomenon entirely.

Vocational organization, not being based on the principle of profit but on that of service, regulates production according to social need. On that account it prevents the business fluctuations which characterize the present system. Production will pursue an even tenor, and the markets will not be glutted with commodities which can find no purchaser. The planned economic control which Mr. Pribram regards as an indispensable factor in the abolition of unemployment is inherent in the vocational system. As far as human limitations permit, in a well-ordered economic system both underproduction and overproduction will be avoided. Business depressions which are inseparable from a competitive system have no place in an order that aims at production for use. Steadiness of production will naturally result in steadiness of employment. Unemployment is the logical concomitant of the anarchy of production which prevails in an unregulated industrial scheme; it must, therefore, disappear or at least be reduced to a minimum as soon as chaotic production is replaced by rationalized and controlled production. No doubt there will be fluctuations even in the best regulated system, but they will remain within reasonable limits. Hence, the regulation and control of production which are organic to the vocational structure of the economic order will serve as a preventive of periodical unemployment such as afflicts the competitive regime under which we are living.

The introduction of new labor-saving machinery in our system always results in an increase of unemployment. Here again the profit motive is at work. The producer is ever

⁶ Karl Pribram, “Unemployment,” in *Encyclopedia of the Social Sciences*.

eager to reduce the cost of production; and since in this labor is the most important item, he is anxious to substitute the machine for personal human work whenever this can be done. The vocational order will be far more conservative in this respect, because it is less responsive to the incentive of gain. Also in such a scheme there will be mechanical improvements, but they will be introduced in a way that will work no social harm. The social point of view will be dominant, and not the merely technical consideration. A sensible economic philosophy does not make it a chief point to eliminate human labor; such an idea can only be inspired by a philosophy in which man himself plays but a secondary part. New machinery, then, will be viewed in regard to the social effects which its instalment would have. We have fallen into a worship of the machine, and forgotten that it is to be subservient to other purposes. The ultimate reason for the use of improved technical processes must be their relation to the common good. Improved technique must be measured by something beyond itself, and what might be regarded as a technical improvement from the standpoint of cost reduction may not be desirable when looked at in the larger context of human and social life. We have previously seen that increased mechanization of the process of production, though looked upon with favor by the producer, may be destructive of human values. The vocational order will use a higher discretion where the introduction of new machinery is concerned, and adopt it only to the extent that it does not dehumanize the worker nor cause social convulsions. In this connection we may profitably quote Mr. Maurice B. Reckitt who says very pertinently: "That a machine *can* be devised to perform a process is not a finally conclusive reason for adopting it, though its inventor will naturally be inclined so to regard it. Neither inventor nor investor ought to dictate to us in such a matter, as they have combined to do in the past. But in so far as our complex technique has arisen

as an upshot of the disinterested ingenuity of mankind, we are justified in regarding it as 'God-given'—given to us to use in the widest interests of society and the individual. In accepting it as such, however, we ought to realize, first, that God-given opportunities cannot, merely from being so, be relied upon to work automatically in a Godward direction without conscious control of them for such an end; and, secondly, that it cannot be assumed that man's moral qualities will develop *pari passu* with his technical ingenuity."⁷

Where a social policy regulates the introduction of new machinery and the use of labor-saving devices, technological unemployment cannot take on the acute form which it invariably assumes when such a policy is absent and only industrial motives dictate the attitudes towards new methods of production. If technical innovations are not suddenly precipitated, necessary adjustments can be made, industrial dislocation can be prevented, and an enormous volume of human misery will be forestalled.

Excessive development of mechanized production has been encouraged in the interests of mass production, which, of course, in its turn is the outcome of the desire for gain. Vocational organization is less favorable to mass production, and on the contrary will endeavor to bring back the old skills and crafts. In this way also effective protection against unemployment will be provided.

So far we have mentioned merely the economic remedies against unemployment which are essentially connected with the vocational organization of industry: our next step will be to consider the social safeguards which it provides against this evil.

⁷ "A Christian Sociology for Today" (New York City).

A CHRISTIAN PHILOSOPHY OF WORK

UNEMPLOYMENT is an upsetting factor in our economic life and has a twofold pernicious effect. On the one hand, it cuts off the portion of our population which is dependent on wages from the means of a livelihood, and, on the other, it leads to a disastrous standstill of industry because it reduces the purchasing power of the many and thereby renders business unprofitable. Once unemployment on a large scale has set in, it becomes difficult to put the wheels of industry again into motion, and widespread depression and general misery are the inevitable consequences. The situation appears utterly hopeless, because business cannot resume its operation as there is no demand for the goods it produces, and unemployment cannot come to an end precisely as business is unable to get started and to reabsorb the unemployed. Our present competitive order based on the profit motive can devise no effective remedy for the evil, and thus passes through periodical crises which terminate in a temporary restoration of prosperity, lasting, however, only until the saturation of the market has again been reached. Instability, insecurity and disturbing fluctuations characterize the existing system, and temporary recovery is purchased at a terrific cost in human suffering. An improvement can be brought about only by the organization and regulation of production for social need, but this is out of question in a regime of unrestricted competition. Order implies a limitation of liberty, but the good inherent in order compensates amply for the sacrifice of freedom. This is the more true if those concerned are by

nature intended to live in well-ordered social relations and to secure their personal development by mutual service. Production for social need is regulated production. This regulated production envisages the welfare of all, that of society as well as that of the employer and the employee. If it limits the possibilities of gain, it offers in return greater security and makes business a less harassing and nerve-racking affair. It gives the business man an opportunity to be first of all truly a man, and to attain to a fuller moral and cultural personal development. The unregulated system is too exacting and imperious in its demands, claims the entire personality, engrosses the whole mind, monopolizes all thoughts and leaves the business man no chance to be anything else but a business man.

We are prone to forget that the scramble for profits and the absorbing efforts to maintain one's standing in the business world distracts from the real purpose of life, obstructs the realization of the finer phases of manhood, and therefore cannot but exert a degrading influence. If our system frequently starves the laborer physically, it no less frequently starves the business man mentally, morally and spiritually. The servant of Mammon, whether he be in a high or a low place, suffers in everything that pertains to his better self. The drastic restriction of the possibilities of material acquisition by the organization of industry will redound to the general benefit of society and be a real blessing to the individual, for it can hardly be denied that the removal of particularly tempting occasions of wrongdoing is an advantage for weak human nature. Of the demoralizing effects of our present system on character we have quite recently had a startling example. The unlimited possibility of gain is an attraction to which all but those of heroic virtue will easily succumb. If the force of this motive is diminished, it does not follow that there will not be sufficient incentives to stim-

ulate industrial activity. After all, the economic motive is not the only one to which man responds.

The regulation of industry with a view to social need will give a certain evenness and steadiness to production, and thus prevent violent fluctuations of the market. Production being relatively steady, employment will likewise be steady. One of the fundamental causes of periodical idleness will be removed. Vocational organization makes man central in economic life, and adjusts the process of production directly to human needs. Its first aim is not to cheapen production by eliminating the human factor and substituting machinery, nor does it favor an over-specialization and mechanization which reduces man to a mere adjunct of the machine. It will conserve skill, and accordingly preserve in the laborer a greater range of adaptability. Hence, the introduction of new machinery cannot have the catastrophic consequences with which it is associated at present. Besides, since under the vocational regime labor also has a voice in the management of industry, the workers will share in whatever greater productivity is secured by new inventions. The machine will earn, not only for the capitalist, but for the laborer as well. In fact, the advantages of cheapened production will proportionately be passed on to all members of society, because the chief consideration of properly organized industry is the common good. The so-called just price is not a one-sided affair, but is determined on a social basis; it provides reasonable returns for the producers, and places the product within reach of the various consumer classes.

Incidentally, it may be remarked in this connection that, where the theory of the just price is carried into practice, consumer cooperatives (the purpose of which is to prevent exploitation on the part of the producer) become superfluous, as the just price consults the interests of both parties. It ought to be plain that this remark must not be construed as condemnatory of consumer cooperatives in present eco-

conomic conditions, for our industrial order does not fix the prices of commodities according to the principle of social justice but on the basis of supply and demand, and hence the consumer will have to protect himself against possible exploitation by excessive prices. Not until a social order which duly harmonizes the interests of all has been brought into existence, can we safely dispense with cooperatives of various kinds. Until that goal (which, however, is not yet in sight) has been reached, they have a legitimate and very necessary function. Moreover, all forms of association and cooperation prepare the way for the occupational reorganization of society.

EMPLOYMENT AND WORK

Labor-saving devices will continue to diminish the volume of employment with the fatal result that vast sections of society will be deprived of the means of a livelihood, because their only title to a share of the national products is the remuneration derived from employment. If under these circumstances it is urged that he who does not work shall not eat, ever-increasing numbers will be literally condemned to extermination. A fallacy must be lurking in a mode of reasoning which would lead to such an inhuman conclusion. The fallacy lies in the identification of the two terms, employment and work. True, man is born to work as the bird is born to fly, but this assertion is not identical with the version which the statement has taken on in our muddled economic order and which would run: man is born to be employed. As a happy result of technical progress, it is no longer necessary that man exhaust all his energies in productive activities. Much of his time can be released for occupations of a non-productive character. The leisure once confined to privileged classes can be extended to the whole of society. A world of leisure does not mean a world in which men indulge in idleness, but rather a world in which man's

energies are set free for the pursuit of creative and self-expressive work of the highest type. In such a world human culture could reach a level and obtain a diffusion of which the past had not the faintest conception. The arts and sciences would flourish as never before. In a very high degree man could devote himself to that activity which is most characteristically human and the source of the greatest human happiness, contemplation. Employment necessary to produce the material substratum of life will be reduced to a minimum, and leave much of man's time free to be dedicated to other purposes.

We are tending in that direction but rather blindly. Many are somewhat distrustful of human nature, and would hesitate to advocate a social policy aiming at the universalization of leisure. They timidly hold that only the select few can be trusted to use leisure without serious injury to themselves and society. In this sense Maurice B. Reckitt writes: "Leisure is the inheritance bequeathed to us by the labors of civilization, but it is an inheritance into which we fear to enter. For little in our recent past has prepared us for it. It suggests to us a hedonist and self-regarding indulgence, on the one hand, an empty and tormenting idleness, upon the other. We shrink in apprehension from its possibilities for ourselves and its liberties for other people. We feel uneasily that we may be bored by it, and still more uneasily that others—who, to satisfy our moral scruples on their behalf, ought to be—will not. 'Work,' says a popular philosopher of our day, 'is the only occupation yet invented which mankind has been able to endure in any but the smallest possible doses.' This somewhat dubious generalization alarms us when we contemplate an economy which does not see many longer capable of inventing enough of it for us, but threatens to throw us upon our own resources (upon the sufficiency of which we are doubtful), and the workers, whom many of us scarcely think

of as having an existence in any other capacity, upon resources about which we are more doubtful still.”¹ This is in line with a very shrewd remark which we read at the conclusion of a review of a recent book on money and credit reform and which is worded as follows: “Mr. Benvenisti does not speculate on the probable effect of an increase of purchasing power in the hands of the masses through abolition of the iniquitous contract, an eventuality that might follow on reform of the money system. Is it because, seeing the practical identity (as to personnel) of visible government with the invisible real government of the money-monopoly, he despairs of the feasibility of effecting any such reform? Or is it because he has misgivings as to whether the masses would spend such purchasing power less on wholesome bread than on noxious circuses? It is surprising how many [Catholics] think that humanity could not and ought not to be trusted with material sufficiency and leisure: a sentiment which is playing admirably into the hands of the managing monopolist rulers.”²

Exactly! It is the unacknowledged conviction of the more fortunately situated that the masses are incapable of managing their own lives, and that consequently their lives must be regulated and managed for them. The great masses must be kept under the law of necessity. The ordinary man must be harnessed to a job, for unless compelled by the prospect of starvation he will not work. (By way of parenthesis, it may be here observed that, before making so sweeping a statement, it might be desirable to inquire whether the disinclination to work, which we have no intention of denying, is not due to the uncongenial character of much of the work required by our over-mechanized industry.) That is the fundamental inspiration of communism, which, therefore, demands materially productive labor of all, and recognizes no

¹ “A Christian Sociology for Today” (New York City).

² P. C. in *The Irish Ecclesiastical Record* (February, 1938).

higher forms of activity which serve spiritual and cultural purposes. The rulers in this case assign the tasks that must be accomplished, and the others have no choice but to perform them if they wish to receive the necessities of life. The principle of the necessity of employment is in this system carried to its ultimate conclusion. It is the rebirth of slavery under a modern form. Employment is the whip by which men are forced into line. And employment is work allotted by those in control. Again we have here the same thing which occurs in our capitalistic system: the power of those who command the instruments of production to control the lives of others, to determine governmental policies, and to exert a decisive influence over culture and civilization. The controlling agencies under such a totalitarian scheme will mete out to the masses such doses of leisure as they deem harmless, and for the rest of the time will keep them happily employed. Of work chosen and of a vocational occupation taken up on moral grounds the scheme has not the remotest idea. With reference to this false concept of work Mr. Reckitt says: "A famous—or should one say notorious?—Essay shows Socialism to be as enslaved as Capitalism to the conception of work as essentially slave-driven toil. The fear of starvation, says its writer, will be then as now the general stimulus to labor. Work or starve would be the alternative set before each communal employe, when social reorganization is complete absolute starvation. And as the starvation would be deliberately incurred and voluntarily undergone, it would meet with no sympathy and no relief (Industry under Socialism, in *Fabian Essays*). The spectacle of Soviet Russia, whatever its redeeming features, provides a menacing illustration of the effect of translating these principles into reality, and shows that the provision of compulsory work (alone recognized as legitimately such) at the sole discretion of a centralized authority can produce a society even more hide-

ously servile than that with which plutocracy has long made us familiar.”³

If there are sections of the population which would make a most disastrous use of any considerable amount of leisure, this is chiefly due to the fact that so far they have had little opportunity of learning how to use it profitably both for self-improvement and the benefit of society. The right use of leisure is an art which must be learned. Still, leisure cannot be withheld permanently from the masses. A means must be contrived by which men will learn to work from some other incentive than compulsion and the fear of starvation. If this cannot be accomplished, mankind will with an absolute fatality drift into the servile state of either a fascistic or communistic complexion. The admission of the impossibility of realizing this end implies a recognition of the theory of the Superman, the tacit or explicit assumption that the race is essentially divided into a class of masters who are born to rule and a class of servants who must be kept in subjection because they are constitutionally unfit to manage their own affairs. The aristocratic élite will in that case play the part of a benevolent, if despotic, providence to the non-aristocratic multitudes. This odious distinction of the masses and the élite crops up in Mr. Joad's dictum: “Mankind in the mass has not yet evolved to a stage at which it is capable of thinking and acting on its own responsibility without running into disaster.”⁴ Granted that this condition exists for the time being, there is no reason that it should be perpetuated and accepted as a matter of course. But it is legitimized and perpetuated by the economic trends of today, which not only leave things as they are but aggravate them. Thus, Mr. Benvenisti claims that England already has gone a long way in this direction. His thesis as the reviewer sums it up is that “England has already practically, absentmindedly, and

³ *Op. cit.*

⁴ Quoted from “A Christian Sociology for Today.”

without any bloody revolution, achieved all the essentials of the Communist State; without militant atheism, or violent liquidation of religious instincts or professions, it is gradually crystallizing into what Belloc some years ago described as the Servile State; a plutocracy gratifying its will-to-power ruling a dehumanized herd of partly employed and partly dole-supported robots—ruling them according to their (the rulers') own ideas, and for the fun of the game rather than for the gratification of mere material greed; it will not, or need not, necessarily be called Communism, but it will have all the essentials of the totalitarian regime, achieved through gradually concentrated monopoly and control of finance, capital, and investment—a control deliberately subserving the policy of keeping the masses impoverished and spoon-fed, and administered through the already foreshadowed National Investment Board.”⁵

To this exaggerated concentration of industry and financial power, in the wake of which follows the management of the lives of the multitudes by an ever-decreasing coterie of the elect, the Papal program opposes its idea of vocational organization which decentralizes financial power, redeems work from being merely employment, transfers the control of production to occupational groups, builds up numerous cultural units and secures for individuals the right and means of managing their own lives. In these smaller groups true human contacts prevail, work can be distributed on a more personal basis and adapted to individual requirements and aspirations, opportunities for self-realization can be made accessible to all, private ownership is widely diffused and educational facilities are offered. Under these conditions training for a larger measure of leisure and the more abundant life becomes possible and feasible. There is no magic in the vocational organization; it is simply a form of organization accommodated to the exigencies of human nature and harmon-

⁵ *The Irish Ecclesiastical Record* (February, 1938).

izing with the special requirements of a free personality. It most assuredly supplies motives for work, but they appeal to what is best, and not to what is worst, in man; it does not look on man merely as a selfish being that can be actuated only by self-interest or fear, but recognizes in him social instincts and aspirations for higher values; it proceeds on the supposition that man need not be driven to work, but that on the contrary he will be anxious to work provided that he can see some dignity and meaning in that work, that he can experience some joy and pride in that work, that he does not perform it entirely under dire necessity but can exercise some choice about it, that he can see its results crystallize in the concrete form of property, that it will do more for him than just maintain his physical fitness for more work, that it promises a degree of personal independence and a possibility of advancement, that it enables him to accomplish something worthwhile for those near and dear to him, and that it provides an outlet for his creative instincts. In other words, man will embrace work if it is truly human work. Such work is vocational work. Now, the Holy Father holds that the normal man will not be unresponsive to these motives, but that he does resent, and cannot find happiness in, work which is slavish in character and imposed on him as the condition of his existence—work which acknowledges in him a worker and nothing more. In harmony with this idea is what Mr. Reckitt says: "Inducement, not compulsion, will be the prevailing characteristic of an economic order congruous with Christian values, and to its actualization the principle of Vocation will be a primary clue. For Vocation is one of the criteria it can never surrender, a touchstone by which it must judge all forms of social organization, and equally all proposals to change them."⁶

⁶ *Op. cit.*

THE VOCATIONALLY ORGANIZED SOCIETY

THE reconstruction of society on a vocational basis, advocated in the Papal program, must not be regarded as the full and final solution of the social problem in all its aspects, but rather as the best means to bring about the adjustments and modifications so sorely needed. It offers an excellent instrument to produce the results which the present system is incapable of effecting, because an organized society naturally can deal with all arising difficulties in a more intelligent and efficacious manner. Thus, it is plain that business and industry require regulation, but under the prevailing scheme such necessary regulation takes on the odious form of a regimentation, and moreover wears a distinctly political complexion. It has to be imposed in a compulsory manner, and as a consequence is resented and violently opposed. The same situation occurs when any other problem has to be dealt with: the State appears as the only agency available in settling difficulties and making desirable adjustments. Now, State action in matters of this kind is too remote and too cumbersome, and, as experience testifies, is ordinarily neither particularly felicitous nor successful. What is needed is intermediary agencies who are in closer contact with the situation that must be handled, and who are familiar with all the aspects of the case. Such an instrument of a more flexible nature is provided by the vocational industrial groups, whose members are actually on the spot and thoroughly acquainted with the various factors pertaining to the point at issue.

Surely, a more intelligent solution can be arrived at under

such conditions—likewise a solution which will be in accord with the requirements of the common good and in harmony with the dictates of basic justice, because the State will act as final arbiter and responsible representative of the public weal. The supreme authority will not have to take sides with any one part of the nation as against another, but will remain on the higher plane of judge and umpire. Its action cannot, then, be construed as persecution of one class and as promoting class consciousness and class hatred, for the State will remain, as it ought, above the classes and act in a judicial capacity. This is the true advantage of the vocational organization of society, that it provides the means and instruments for a rational control of industry in the interests of the common welfare without unduly implicating the State in matters foreign to its real function. So Pius XI looks at the matter when he writes explicitly: "The State should leave to these smaller groups the settlement of business of minor importance. It will thus carry out with greater freedom, power and success the tasks belonging to it, because it alone can effectively accomplish these, directing, watching, stimulating and restraining, as circumstances suggest or necessity demands. Let those in power, therefore, be convinced that the more faithfully this principle is followed, and a graded hierarchical order exists between the various subsidiary organizations, the more excellent will be both the authority and the efficiency of the social organization as a whole and the happier and more prosperous the condition of the State."¹

It is one of the characteristics of the organism that it possesses within itself the resources by which it repairs its own disorders; minor disturbances which are of a local nature are set right by the organ which is affected. For example, if an extraneous element has entered into the eye, this organ is quite competent to cope with the situation, and immediately goes about the business of eliminating the disturbing

¹ "Quadragesimo Anno."

particle. An organized society can act in a similar manner; as a whole, it corrects disturbances that interfere with the general activity of the social body, but inferior organizations can take care of lesser disorders. Within these associations many of the difficulties arising can be treated as family affairs, and in regard to such questions the narrowness of the circle is of particular advantage since it furnishes a better basis for mutual understanding. Outside interference usually aggravates the trouble. Home rule, therefore, with ultimate government supervision, is best calculated to forestall friction and to ensure smooth functioning of the economic order.

Vocational organization of society, as it is conceived in the Papal program, brings back into industry human and personal relations which are so sadly lacking in the existing depersonalized system. Labor and capital lose their abstract character, and are no longer spelled with a capital initial as though they were entities in their own right. Whatever situation turns up, it presents itself as a man-to-man relation. This circumstance alters at once the manner of approach to every question which comes up for decision, and has a far-reaching effect on the eventual settlement. Take, for example, the unemployment problem. When production has been regulated according to social need, it is true that employment will be steadier than it ever can be under a regime of unrestricted competition; still, periods of industrial slackness can hardly ever be entirely avoided. Labor reserves will have to be maintained on which industry may draw in times of need. In a system of vocational organization, however, these reserves will not coalesce into one enormous mass, but be distributed among the various occupational groups which can deal with them in an intelligent and efficient manner. Labor can be rationalized, so that idleness will not always strike in the same place; work not immediately necessary can be saved for such occasions; times of industrial slowness

can well be utilized for further vocational training; moreover, since the vast majority of the group shall have acquired private property (such as a home and a plot of ground), the temporarily unemployed may profitably turn their efforts to an improvement of their own possessions. At all events, unemployment will not be the bulky affair which it is in the present order, and it will be, besides, a family problem to be approached in a personal and neighborly spirit. The group, being responsible for its members, will have added incentive to work out a practical scheme to fit the needs and interests of all concerned.

The vocational or functional theory of society must be correlated with the fact that direct human services will be decreasingly required for the satisfaction of the world's needs. Employment accordingly will become scarcer, and human activities will have to be on an ever larger scale directed into cultural channels. The earnings of the machine in the form of a social dividend can be used for this purpose. The distribution of this social dividend will be best effected by the occupational group. The social dividend should be used for consumption, because what the working class needs is more purchasing power. The surplus investment capital of today represents very often money that should have gone into the payment of wages. Interest-bearing capital is said to be the reward of abstinence. In individual instances, of course, this may be true, but in our actual system capital is not often accumulated in that manner, and with very good reason Rev. W. G. Peck puts the question: "Precisely whose abstinence is it that is now providing the loanable capital that produces interest? I am prepared to argue that it is not to any great extent, relatively, the voluntary abstinence of the investing class, but largely the enforced abstinence of workers who have nothing to invest."²

² "Catholicism and Property."

COMMON PROPERTY

The vocational groups being juridical persons will naturally possess common property of a nature to be enjoyed by all members. We do not mean the productive machinery, but property which serves social, educational, cultural and charitable purposes. In part, such property can also be used to extend credit to the members of the group. It may be remarked that such common property constitutes a bond that unites the members more intimately, and brings them into closer social and personal relations. Thus it was with the guilds, as Sir Paul Vinogradoff describes: "The gildchamber, the gild furniture, the capital accumulated by contributions, entrance fees, penalties and gifts, served not only the ends of the association, but also the economic, social and other purposes of the members. Every associate might, for example, use the gild house for his convivial pleasures; each could demand support or loans from capital of the gild, and so on."³ The credit service within the group cannot remain without some notable effect on the general financial situation, and help to break the hold which loan capital has on modern life. It stands to reason also that the group will develop a banking system of its own for purposes of necessary industrial expansion.

DECENTRALIZATION

One of the most important and salutary results of occupational organization will be the decentralization of social life, not in the sense that it be broken up into separate parts, but that it embrace many units functioning by themselves yet subordinated to the good of the whole. Such organization enriches society and makes for a great diversification of culture. It reduces politics to a circumscribed sphere, and prevents it from invading all departments of social activity. It is

³ "Outlines of Historical Jurisprudence."

the one effective antidote for totalitarianism, in which the State is the be-all and end-all of man.

Decentralization is especially called for in the realm of finance. As previously explained, vocational organization will emancipate industry from the domination of money, because it curtails investment opportunities. In the course of time, an economic condition will again arise in which money is unproductive as it was in the Middle Ages. It is not necessary to enter into the various financial practices by which credit is created, controlling interests in industrial concerns are obtained, profits are made without actual investment, production is manipulated in the interests of finance, gains are pyramided, and in general industry and society are rendered permanently tributary to the money power, in order to realize that our financial system exerts an utterly unwholesome and socially harmful influence. The incubus of debt on society constitutes eloquent testimony to the anti-social tendency of our existing monetary structure, which can aptly be described as an instrument for perpetuating indebtedness and extracting profits without proportionate risks. Modern technical progress has created an abundance of goods; the diffusion of these goods is in some mysterious manner held up and blocked. The conviction is fairly universal that the existing financial system is to blame, and that the discordance between consuming and producing power must be attributed to the improper working of the financial machinery. Here we have the reason for the fatal deadlock which consists in this, that "the aggregate prices of consumable goods always exceed the amount of money available for their purchase." Modern finance has become an inhibitory factor, as W. T. Symons states: "With the achievement of material abundance the power has passed to those who can prevent its distribution and enjoyment. This is sinister indeed. The real power of modern finance is used to restrain productiv-

ity.”⁴ Money, instead of being (as it should be) merely a medium of exchange facilitating the distribution of goods, has turned into a means that can be used to retard or accelerate distribution at the pleasure and for the benefit of the money-owners. Thus, present-day monetary policies operate neither for the benefit of the consumer nor for the benefit of the producer, but work to the advantage of those who control the flow of money. There can be no question that the money power in the existing financial structure is ill-used, and that its influence is socially harmful; but the worst feature of the situation is that this power is steadily growing and accomplishing the complete subjugation of society. This Pope Pius XI strongly emphasized. Somehow, however, many succumb to the evil fascination of the system and profit by its existence. So, Mr. W. T. Symons remarks: “Myriads are hypnotized into support of the monstrous system; we are gripped in its clutches. It uses moral arguments to induce submission. It controls publicity and communications. . . . The system clearly has direction. Those who direct it should be held responsible. And it is those few in number, even with the addition of their political and social dupes, who benefit by the financial system. The profit they seek is human subjection, that they may experience a fearful power.”⁵ This conclusion is identical with that at which the trenchant analysis of the Papal Encyclical arrives. If more confirmation is needed, we can find it in the following words of Mr. Demant: “Here we are concerned ultimately, not with greed or selfish indifference or love of gain, though gain has indeed been vouchsafed to Finance, but with power striving, and behind power with the root of all sin, pride. It is the pride which finds self-satisfaction in working a machine or a system, and which continues to find conscientious reasons for

⁴ “The Coming of Community” (London).

⁵ *Op. cit.*

working it when it becomes divorced from human realities.”⁶ The last words are of supreme significance, for they indicate the fatal flaw in our social life, namely, its depersonalization. To this we have frequently referred, and at the same time insisted that man must be made central in economic life before any marked improvement can come about. The money-man is playing with dead sums of money and delights in increasing and shifting them; it becomes a game; he forgets that there is always something human at stake; he does not see the anxious and haggard faces that watch the result of his money-juggling, which to many may mean life or death; he is too removed from human contacts to appreciate that his money deals have terrible reverberations in numerous homes of the country and bring untold misery in their wake. The human perspective is shut out from the view of the big financier. Finance is unrelated to human needs, ownership is divorced of human responsibility; hence, the callousness associated with financial transactions.

This dissociation of finance from human relations has gone to incredible lengths; the greater the concentration of money in the hands of a few, the more does finance become an end in itself, and the less does property serve its real purpose. Property is anonymous and managed for its own sake, and the effects of this management on human destinies are not considered. Joint stock and holding companies and other devices have detached the owner from his property, and blurred his responsibility for the things which are done with this property. The emphasis of the Holy Father on the social character of property and the social responsibility connected with ownership is indeed very timely. The heartless pagan saying, *pecunia non olet*, is unchallenged in our Christian civilization. Men complacently pocket their dividends, their interest and their profits without asking where they come from or how possibly they can be so high. Irresponsibility

⁶ Quoted from M. B. Reckitt, “A Christian Sociology for Today.”

is the characteristic of the money world, and irresponsibility is the outcome of depersonalization. Truly this is an absolute perversion of the meaning of property and an apotheosis of money. Rightly Rev. Lewis Watt, S.J., brands this state of affairs in the following words: "The joint-stock system threatens us with the loss of the sense of responsibility for the ownership of property, and with the loss of the sense of responsibility even towards the owners (how much more towards the community!) on the part of those who control that property. . . . The typical property-owner is fast limiting his activities to a careful day-by-day scrutiny of the City column of his daily paper, so that he may buy or sell his investments in order to make a profit as large and as often as possible. It is hardly surprising that to some this appears as a degradation of property."⁷

In vocational organization the human element is the principal factor. It is incompatible with the domination of things over men, and most incompatible with the abstract rule of money. It will again make finance a function of industry, and put an end to anti-social financial control.

GENERAL EFFECTS OF VOCATIONAL ORGANIZATION

Briefly we sum up the wholesome effects which the Encyclicals envision as the natural fruits of proper social organization:

(1) the mitigation of class distinctions and the harmonization of class interests, from which will follow as logical corollaries the disappearance of class antagonism and the cessation of class warfare;

(2) incorporation of labor into the social structure on the basis of the functional principle, which in its turn will give to labor a recognized social status, admit labor to full and equal partnership in the process of production with a voice in the management of industry and participation in the

⁷ "The Future of Capitalism."

profits, and afford the workingman the opportunity of acquiring property for himself and his family;

(3) social security for the wage-earner;

(4) overcoming of the proletarian condition by wage-earner ownership;

(5) an increased sense of responsibility for the common good on the part of all classes of society;

(6) peaceful and harmonious cooperation of all groups in the interests of the common welfare;

(7) a wide diffusion and distribution of ownership and a lessening of excessive inequalities of material wealth;

(8) a restoration of the State to its genuine function of trustee of the public good and impartial administrator of justice;

(9) an increase of the authority and the prestige of government in its own field by freeing it from tasks that really do not belong to it, and have been thrust upon it by the disordered condition of modern society;

(10) disappearance of monopolistic practices and irresponsible anonymity in business, industry and finance;

(11) proper supervision and regulation of industry without undue interference with legitimate private initiative and enterprise;

(12) reasonable self-government of industry in its internal affairs;

(13) true welfare politics and beneficent social legislation;

(14) a flourishing associational life within the general framework of society;

(15) a growth of social sentiment;

(16) a diminishing of subversive socialistic and communistic agitation;

(17) stability of the economic and social order and co-operation and amity between the nations.⁸

⁸ Dr. J. Russmann, O.S.F.S., "Der Ständegedanke," in *Theologisch-praktische Quartalschrift* (1936).

Obviously, these benefits will not suddenly emerge into being as by magic, and, as said before, the vocational reconstruction of society is not the realization of them but the agency by which they are gradually to be effected. In fact, the way will be a long and arduous one beset with numerous difficulties. That Pius XI is not unaware of the odds to be overcome, appears from the following words: "The task we propose to them is truly difficult, for well do we know that many are the obstacles to be overcome on either side, whether amongst the higher classes or the lower. Still, let them not lose heart, nor in any way allow themselves to be diverted by any art from their purpose. To face stern combats is the part of a Christian; and to endure labor is the lot of those who, as good soldiers of Christ, follow closely in His footsteps." ⁹ The ultimate vision which will renew the faltering courage is a new humanity and the Peace of Christ in the Kingdom of Christ. If this lofty goal is insufficient to inspire men to heroic effort, then the alternative at least ought to have the power to goad them into activity, for the alternative is catastrophe, chaos, and the collapse of civilization.¹⁰

SPIRITUAL IDEALS

The rebuilding of the social order requires a detachment from things earthly, a sense of responsibility, a willingness to accept restraints, a spirit of self-sacrifice, an appreciation of higher values, an understanding of the spiritual personality, a concept of service, a realization of human brotherhood, and a love of our fellow-men which no utilitarian and materialistic philosophy can supply and which can grow only on the soil of Christianity. All efforts at reform not supported by the spirit of Christ are doomed to failure. True, in general the order of society which has been set forth can be

⁹ "Quadragesimo Anno."

¹⁰ Cf. "Divini Redemptoris."

deduced from rational principles, though perhaps in a somewhat obscure manner; but the dynamic will to make this order a reality must have a deeper inspiration. Nothing less than a supernatural religion can adequately motivate altruistic behavior. To this extent we subscribe to Benjamin Kidd's statement: "No form of belief is capable of functioning as a religion in the evolution of society which does not provide an ultra-rational sanction for social conduct in the individual."¹¹ This coincides in essence with what Pius XI says: "However, if we examine matters diligently and thoroughly, we shall perceive clearly that this longed-for social reconstruction must be preceded by a profound renewal of the Christian spirit, from which multitudes engaged in industry in every country have unhappily departed. Otherwise, all our endeavors will be futile, and our social edifice will be built, not upon a rock, but upon shifting sand."¹² This is one side of the problem: we cannot have a better economic order, even in a material sense, unless we return to practical Christianity. The diffusion of the Christian spirit is by far more important for the improvement of economic conditions than any technical reform—such as, for example, a change of our monetary system. Christianity will aid us in the discovery of helpful measures, and reveal to us ways and means to which without its illumination we would remain blind. Quite true is what Sydney Cave says of the light which the teachings and, above all, the practice of Christianity shed on all the problems of social life: "It is the glory of Christianity that we never know what we shall discover in it next."

The other side of the problem is this: the economic world is a place in which it becomes increasingly difficult to save one's soul. This is the main concern of the Supreme Shepherd

¹¹ "Social Evolution" (Macmillan).

¹² "Quadragesimo Anno."

of souls and makes him complain: "The condition of the economic world today lays more snares than ever for human frailty."¹³ The system almost forces immoral practices upon those who in their hearts would wish to do what is right. The corrosive influence spreads from industry and business to all spheres of life. Pertinently someone has said: "If we do not Christianize industry, industry will de-christianize the world." The industrial world, therefore, must be refashioned after Christian ideals lest it turn our whole mundane environment into a huge web in which immortal souls are trapped. The world itself must be converted into a vehicle of salvation. Religion must not only help to save the individual in spite of the world, but so remold the world that it will contribute to the salvation of souls. Christianity must to the fullest extent exert its socially redemptive influence. The Kingdom of God is to be consummated in the world to come, but it must begin to take form in this world. We may not surrender this world to the powers of darkness.

We conclude with these beautiful words from Mr. Maurice B. Reckitt: "Religion has not been vouchsafed to us as a sort of spiritual oxygen to enable us to breathe comfortably in a hostile and noxious atmosphere we make no effort to purify. A religion which consoles us amid surroundings which challenge and defy our beliefs, without inspiring us, individually and corporately, to make plain our quarrel with those surroundings, is not the religion of the Lord's Prayer. Thy Kingdom come—but not here upon this miserable earth; Thy will be done—but not now amongst unworthy men; these should logically be the petitions of those whose spiritual attitude assumes an indifference to the environment amidst which—but not through the redemption of which—they are seeking salvation."¹⁴

¹³ *Ibid.*

¹⁴ *Op. cit.*

We cannot be satisfied with personal salvation; we must also seek the social and corporate salvation of the world. The inspiration of this social apostolate is to be found in the Our Father.

APPENDIX

THE COOPERATIVE MOVEMENT AND THE PAPAL PLAN

WE are at the present interested in the cooperative movement to the extent only that it may have bearings on the ultimate occupational reconstruction of society, which was the chief concern of Pius XI and the heart of his social program. In this connection it has always been our contention that a reorganization of society must utilize existing trends in economic and social life and gradually work them into a consistent and harmonious pattern since this is the only conceivable practical procedure if the final outcome is to be anything resembling an organic structure and not merely a mechanical arrangement without internal cohesive forces.

After all the Papal program furnishes only guiding principles and not minute directions for detailed application. Its usefulness lies precisely in the fact that it remains in close touch with actual realities and never enters the realm of utopian dreams. It is tinged with a profound realism and a deep understanding of human psychology. If the ideal is too remote from real conditions it remains an abstract vision that can have no influence on the actual shaping of events. Hence, the considerable distance between the encyclical of Leo XIII and his late reigning successor on the Papal throne. The times of Leo XIII foreshadowed no possibilities of a reconstruction of society and accordingly he confined himself to suggestions to abolish prevalent abuses and to achieve a measure of social justice feasible under the circumstances. Pius XI could take a step forward because since that time the situation had taken

on a different complexion and lines along which a reconstruction might be effected began to emerge and became dimly adumbrated. Being born out of reality the Papal ideal now can become a guide towards further development, indicate the direction in which it must move and point out false roads that will prove blind alleys. With our present experience we are in a position to form concrete conceptions of an organically constituted society which whilst realizing social justice, stability and security also conserves liberty and other human values.

The keyword of the new order is cooperation. The individualistic system having broken down, the tendency at present is in the direction of the common good. Unfortunately that common good is frequently understood in a way unrelated to human personality and therefore destructive of the finer values of life. We may look upon communism and totalitarianism as danger signals warning us of futile attempts in seeking the common welfare. Both of these systems are visionary and mystical and for this very reason unwilling and unable to use what has been historically developed. They sweep away what is and begin entirely anew. Between the two roads lies the right way which will preserve whatever is good in the existing order and add to it other advantages.

That middle road is the vocational reorganization of society and its method of procedure might aptly be called that of organic assimilation. This method understandingly takes over whatever forms of organization exist and incorporates them in the larger plan. Society need not be ground into dust before the rebuilding is begun; all rudiments of organic structure should be respected and intelligently used. There is little enough to start with in the almost completely atomized society of our days. If all remnants of organization can serve the purpose of reconstruction, there is no reason why the various forms of cooperation which whether they have

survived from a happier day or have been called into being by dire need could not be fitted into the new scheme. True, they will have to be enlarged in scope, adopt a more comprehensive social outlook and free themselves from the narrowness and the militant character due to their origin. Withal they constitute elements of which social reconstruction may profitably avail itself. There is something really catholic in the Papal program, it is inclusive rather than exclusive. The whole truth embraces all the partial aspects of truth and the larger good contains the lesser good. The higher organism presupposes the lower organisms.

EDUCATIONAL VALUE OF COOPERATION

The cooperative movement has brought to recognition points of view which had been completely eclipsed by liberalistic economics. It rejects profit as the dominant motive of economic activity and reasserts the rights of the consumer. We may almost say that it has rediscovered the consumer.

Cooperation, whenever it was resorted to, stood for self-help of a group. By its very nature, therefore, it transcended mere individual selfishness and taught men to think in social terms. At a time when the rankest individualism was rampant it familiarized men with bigger social units and brought home the forgotten lesson that there is a common good by the pursuit of which the individuals themselves profit singly and personally. It was the first step away from a purely competitive regime and a return to organization. Even if only in an imperfect manner, it revived the idea of mutual dependence and made men aware of the necessity of mutual help and service. In this respect it is of inestimable value since it represented nothing less than a rebirth of the spirit of solidarity. It again bound together men who not only had become completely isolated but antagonistic in their interests.

Cooperation required moral qualities, a degree of social idealism, a willingness to make immediate sacrifices for remote advantages and a measure of altruism. Every cooperative enterprise, in order to succeed, had to train its members and instill into them social sentiments. This basic training will stand society in good stead when the problem of organization on a larger scale arises. Inasmuch as cooperative endeavor socializes man, albeit within restricted limits, it is the forerunner of occupational organization. This educational phase of the movement is well expressed in the following passage: "On its economic side the movement was an attempt to organize society disintegrated by the competitive forces of the new industrialism, on the basis of mutual service. On its educational side it was an attempt to create by training the personal qualities and the social habits which might make such an organization possible."¹ Various as the types of cooperation may be, the distinguishing feature of all of them is the recognition of a group interest or of a common good to be obtained by concerted efforts. The social effects of cooperation thus are obvious and these by many are rated even higher than the immediate economic results. The wide sweep of the movement surely indicates that it possesses a strong popular appeal.

If we look at cooperation from the moral point of view, we are safe in proclaiming that it is morally unobjectionable for the attainment of any legitimate interest. Catholic social philosophy holds that men may associate freely for the most diversified purposes as long as they do not interfere with the rights of others. In the Papal encyclicals the right of free association and cooperation is unequivocally asserted. Men may organize for economical, cultural and religious ends. After all this is nothing more than a necessary corollary from man's essential social nature and his individual insufficiency.

¹ Quoted from Malcolm MacLellan, "The Catholic Church and Adult Education" (Washington, D. C.).

In fact, society is the richer for the existence of many private associations; such a condition prevents centralization and bureaucracy, makes for greater balance and contributes towards social justice. The Papal encyclical favors an abundant and manifold associational life.

CONSUMER COOPERATIVES

We need not labor the point that consumers enjoy the right of organizing for the protection of their interests. Consumer organizations have grown up under the auspices of the Church and been actively promoted by the clergy. What Rev. Charles Plater, S.J., says of Ireland is equally true of other Catholic countries: "Besides being, as we have seen, the backbone of the rural cooperative societies, the priests have identified themselves with most of the industrial and technical movements which have been started in the towns."² Within an unregulated economic system consumer associations are necessary to prevent exploitation by excessive prices and by inferior products. Cooperative buying will be the first step towards self-protection and when this is inadequate the organization will turn to production. This is a very natural and logical evolution. In a radio address Mr. Albin Johansson, president of the Cooperative Union of Sweden (Kooperative Forbundet), says: "As a general rule, our cooperative factories have been established in order to protect our members from the price-pegging policies practised by monopolies. For in Sweden as in many other countries, private monopolies have been widespread, organized wholly for private gain and without consideration of the interests of the consuming public. Thanks to the manufacturing activities of K.F., an efficient check against monopoly prices has been put into the hands of the consumers. The consumers' cooperatives tell monopolies what is a just price.

² "The Priest and Social Action" (New York).

They act as a yardstick for private business. . . . The effect of this control is felt not only in those fields where the K.F. operates its factories but also in other lines of consumers' goods, for private manufacturers know that if they try to peg prices at unreasonable levels, K.F. both can and will start manufacturing this line. An example will illustrate this. When I left Sweden a few weeks ago, I was informed that the linoleum monopoly, which comprises practically all factories in this field, had decided to reduce its prices in Sweden by 15 per cent. This was done because K.F. had made it known that if the monopoly did not reduce prices, K.F. was ready to build its own linoleum factory."

The consumers' cooperative of the modern type is not a mere buying agency but an economic enterprise which enters the field of production; still the motive for engaging in these broader activities is to secure a fair deal for the consumer. For this widening of scope there exists ample justification in a system in which prices tend to rise on account of monopolistic practices and goods are apt to be debased by reason of competitive pressure. Hence outside of the adherents of classical liberalism, the majority of economists are not unfavorable to consumers' cooperatives as Mr. Charles Gide remarks: "On the whole, however, the economists have not condemned cooperation, since in the last analysis it is a form of free association. They are willing to admit that it is of considerable service to the consumer in serving as a check on the extortion of merchants and in establishing the desired effect of competition, which so far as the consumer is concerned is threatened today by the coalition of producers; and to the worker in permitting him to utilize most advantageously the purchasing power of his wages and even by the redistribution of bonuses to realize savings which may permit him to acquire property." ³

³ "The Encyclopedia of Social Sciences" (New York).

It is quite true that when the consumers' cooperatives expand their activities and branch out into production on their own account, they become of a mixed character and are converted into producers' cooperatives as well. This cannot be held against them for they launch into production only when they fail to get a proper response from the existing manufacturing concerns. Moreover, a group may engage in business and industry in the same manner as an individual. In that case, however, it must not only be concerned with cheap prices for itself but likewise with fair wages for its employes. Groups, it may be recalled, can become as unjust and ruthless as an individual employer. The cheap price is not the only consideration for it envisages merely the interests of the consumer. It is in itself not a social concept. Social morality must stress instead the just price which is truly a social category embodying both the interests of the consumer and the producer and also taking into account the common good. If a consumers' cooperative adheres to the principles of social justice, it has a legitimate function in the present economy and can serve a laudable purpose. It represents a counterweight in a onesidedly balanced system. It may contribute to a wider diffusion of private ownership and better the economic conditions of those within the lower brackets of income. The germ of social organization which the consumers' cooperative contain may well burgeon into a richer fruitage.

IDEOLOGY OF THE CONSUMERS' COOPERATIVES

The philosophy of the consumers' cooperative is a product of evolution which was influenced by many factors and is even at this date not entirely of one piece, varying with the views held by the majority of the members. Accordingly, Dr. James Peter Warbasse, who is well qualified to speak in the matter, says, "The principles of the consumers' cooperative movement were evolved in the school of ex-

perience. No one thought them out as a preconceived plan.”⁴ As a result the cooperative is of a very flexible nature and can be adjusted to a great variety of situations. It did not arise with the pretension of reconstructing the economic order on new lines. It is not committed to any particular social creed but in this respect reflects the preferences of its constituents. If some cooperatives lean towards socialism, others are equally determined in their opposition. This we glean from the historical sketch of Mr. James C. Drury, who writes: “The strong socialist tendencies of one branch of the Belgian cooperative movement might give the impression that co-operation is but a stepping stone to an ultimate socialist state; while an analysis of the other branch of Belgian cooperation, organized by those who oppose such socialistic tendencies and sponsored by religious groups, especially the Catholics, might leave one with a totally different impression. The large farmer membership of the cooperative in Denmark, on the other hand, might easily leave the impression that co-operation is largely a farmers’ movement. Finally, a study of the trustbusting cooperatives of Sweden might be misinterpreted to mean that the destruction of all private business is the cooperative goal.”⁵ We cannot, therefore, discredit the movement by calling it socialistic. On the contrary, its plasticity also implies possibilities of a desirable kind.

The fundamental inspiration of the movement is unquestionably democratic. Dr. Warbasse testified to this effect: “The great contribution of the Rochedale pioneers was that they collected the various rules and methods which had been employed by cooperative societies and put them together in a happy combination which was destined to win success. The first of these was the rule of one vote for each member. This

⁴ Basic Principles of Cooperation. In *The Annals of the American Academy of Political and Social Science* (May, 1937).

⁵ An Introduction to the History of Consumers’ Cooperation. *The Annals* (1937).

has grown into something bigger than the original conception. It now stands for democracy as a principle. The one vote cannot be cast by proxy. The individual must vote in person. His vote cannot be detached from him. A sincere feeling for democracy has accompanied this principle.”⁶

Because basically democratic the cooperative movement is in no sense totalitarian. Says Mr. Merlin G. Miller: “It is a commonplace among cooperators to refer to the cooperative movement as the middle way between communism and fascism, the democratic way between the dictatorships of the Left and those of the Right.”⁷

Cooperatives are not aggressive, not class-conscious and not opposed to private enterprise as Dr. Warbasse tells us: “A striking contrast between cooperative business and communism is that cooperation does not demand an exclusive field. No understanding cooperator desires an act prohibiting profit business. Cooperation needs the challenge of competition with profit business, and with the state too. Communist government issues edicts declaring all business but state business illegal. A socialist government in complete control would do the same. Those who are working for the expansion of the business functions of the political state are creating an instrument which in the end would destroy cooperation. Cooperative business is private business.”⁸

For the economic philosophy of the cooperative movement we have the strongest sympathies. According to Charles Gide, cooperators cannot believe that the law of supply and demand is sufficient of itself to guarantee the just price, or that competition, even if unfettered, can bring profits to a reasonable level, or that conditions automatically tend toward equality. Cooperators mistrust the spirit of competition. “Cooperators,” writes Mr. James C. Drury, “believe the interests

⁶ *Loc. cit.*

⁷ The Democratic Theory of Cooperation. *The Annals* (1937).

⁸ *Loc. cit.*

of the individual must be combined with the interests of the community.”⁹ Cooperative practice prevents speculation because the fixed returns on both borrowed and share capital tend to keep the value of stock shares at par and forestall fluctuations in the value of the stock. It is this practice which lifts the cooperative enterprise out of the sphere of speculative business. Whilst the cooperative distributes no dividends in the capitalistic sense it returns its earnings to its customers, a practice which prevents the accumulation of wealth by means of profits. “Cooperators,” Dr. Arthur E. Albrecht observes, “regard the distribution of the patronage rebates as an important means of the more equitable distribution of wealth.”¹⁰

On the whole, we can also approve of the labor policies of the cooperatives. Wage-earners themselves have organized consumers’ cooperatives in order to reduce their living costs and improve the purchasing power of their wages. Mostly the cooperatives try to maintain wages, working hours and labor conditions that measure up to union standards. Conflicts here, however, are inevitable as Mr. Benson Y. Landis remarks: “There is no royal road to dealing with the producer-consumer relation . . . Within a consumers’ cooperative society there are conflicts of interest between employer and employe . . . Horace Kallen reports after a study of consumers’ cooperatives in England that the co-ops are far and away the most satisfactory employers of labor in the country. . . . The consumers’ cooperatives in the United States can point to no such record. Still many of the best known leaders are committed to organization among employes.”¹¹ The situation in the United States is summed up by Mr. James Myers: “Probably because of factors in this country which we have previously indicated, unionization of co-

⁹ *Loc. cit.*

¹⁰ Economic Theory of Consumers’ Cooperation. *The Annals* (1937).

¹¹ “A Primer for Consumers” (New York).

operative employes has not gone far in America.”¹² The writer nevertheless is hopeful with regard to the future.

In spite of their friendly attitude towards labor, cooperatives are opposed to profit sharing with the workers; for this we can see a reason in the fact that there are no profits in the ordinary sense to share.

We cannot, however, blind ourselves to the fact that there exist in the cooperative movement trends to which we are unable to subscribe. When for example Dr. Warbasse declares “the theoretical end of consumers’ cooperation is to purchase the land from the farmer and employ the latter as an agricultural technician,”¹³ we are not with him. Still we need not be unduly alarmed since this goal is a long way off. When Dr. Warbasse predicts that evolution will substitute cooperative democracy for the state, we are inclined to think that he is indulging in futile wish-thinking and that such a scheme would be fatal to democracy which is so dear to him. Unwittingly, he is here falling into the error of socialism which he so wholeheartedly repudiates. His hope of the “fading state” cannot be realized.

Umbrage may likewise be taken at the over-emphasis put on the consumer function. Precisely because this function is universal it cannot become a principle of social organization. Consumption is a means and not an end. It will be felt that the insistence on the consumer aspect of man distorts an essential truth and raises a commonplace to the dignity of a philosophical axiom. We take the following statements setting forth what might be called the consumer philosophy: “The one person who merits supreme consideration is the consumer; he is everybody.” (Dr. Warbasse.) “Thus, because in the philosophy of laissez-faire the economic man was conceived of as essentially and characteristically a producer, the philosophy of cooperation redefined him as first

¹² Consumers’ Cooperatives and the Labor Movement. *The Annals* (1937).

¹³ “Cooperative Democracy” (New York).

and last a consumer. . . . No man of his own choice freely lives to work; he works to live.”¹⁴ We can only understand these statements as reactions against an equally unwarranted exaggeration of the producer point of view.

We may conclude, therefore, that whilst the ideology of the cooperative movement contains valuable ideas that deserve careful attention and has inaugurated beginnings of organization that may profitably be developed, it is not free from grotesque exaggerations, dangerous implications and disastrous drifts. Before being expanded into a social philosophy it would have to be subjected to corrections and modifications.

CONSUMERS' COOPERATION AND VOCATIONAL ORGANIZATION

No unanimity exists among exponents of consumers' cooperation as to the part which the movement shall play in the reorganization of society; as it stands for non-exploitation, production for social needs, social solidarity, helpful cooperation, recognition of consumer interests, effective control of industry, equitable distribution of ownership, restriction of competition, abolition of the laissez-faire policy and curbing of the profit-motive, it is in accord with the best traditions of Catholic social reform. Whether its technique survives or not, it will act as a potent ferment of social progress and figure as a most efficacious solvent of liberalistic capitalism. It is not fantastic to think that the cooperative movement will help to bring about the transition from the present regime to the occupational organization of society since it is well adapted to the task of preventing the accumulation of wealth in the hands of a few and of breaking up the dominance of finance capital. Freed from the incubus of finance, producers' cooperatives and labor organizations

¹⁴Dr. H. M. Kallen, *Philosophical and Ethical Aspects of Consumer Cooperation*, *The Annals* (1937).

will likewise grow in strength and from the interplay of all these agencies the vocational organization may emerge. In the new economy many lines will converge. After some recent attacks on consumers' cooperatives as incompatible with the Papal idea, we are glad to read Rev. Joseph H. Fisher's defense which coincides with the opinion we have always held. Father Fisher writes as follows: "The cooperative movement is not meant to supplant the occupational-group system, the new economy of the Encyclicals. It is rather to be taken over, harmonized and Christianized in the same manner as the unions of workers and associations of employers. To all of them might be applied the words of Pope Pius: 'These excellent organizations, with others of a similar kind, happily combine economic advantages with mental culture.' Their ultimate objectives should play an important part in the realization of the Christian renewal of human society. What has been accomplished by these various groups constitutes an excellent beginning for the new Christian order and the call is now for coordination and harmony, not for complete disruption."¹⁵ To this we add that the new order itself is not a rigid structure but something which has to take shape and form as the outcome of many forces and to be accommodated to the exigencies of circumstances.

Among the exponents of the consumers' cooperatives are those who aim at using the cooperative technique as an instrument for economic reform and others who do not look beyond its immediate purpose of promoting social justice. Though the former have no very definite plans with regard to the structure of the future society they agree on two points, the final abolition of the state and the primacy of the consumer. Concerning the first point Dr. Warbasse says: "The expansion of cooperation means the contraction of the state. The cooperative principles in action may be regarded

¹⁵ "Unions, Cooperatives in the New Economy." *America* (November 5, 1938).

as anti-governmental. Government is a product of injustices which cooperation would heal. The cooperative society is the antithesis of the state." Taken at its face value this principle cannot be harmonized with Catholic social theory, still it contains partial truths, for the Holy Father also holds that there are many functions which the state should relinquish and leave to smaller groups. A contraction of state activity is not at all opposed to Catholic ideas. Now since the cooperative philosophy is essentially empirical, it may very easily modify its views on this subject and approach the Catholic standpoint.

The primacy of the consumer can well serve as a working principle to secure social justice and that was its original purpose. As a principle of social reorganization it will prove useless simply because it is entirely too comprehensive. Organization implies differentiation but consumption does not differentiate men. In a genuine consumer economy all men would own all things and have their finger in every pie. That is not order but confusion. The consumer interest is too wide a category to be practically applied. We can gather that much from the statement of Dr. Kallen: "Now most men produce only one thing, but consume many things. Their range of interest, their variety of action as producers is narrow, restricted, and in the main blind. As consumers they are concerned with a growing number and variety of goods whose multiplication and perfection constitute abundance. The life more abundant is the goal of consumption, and not of production." In spite of the differences existing between this view and the Papal social concepts there is sufficient common ground to serve as a basis of harmonization, because the Papal economy also stresses the consumer interest and the cooperative philosophy is held to no rigid principles.

The Papal program is characterized by realism and opportunism in a good sense. It faces chiefly the needs of the present. Social justice is an objective of urgent character to

be realized immediately and not a distant ideal contingent on a future reorganization of society. In every economic arrangement due provision for the attainment of this end must be made as it constitutes an absolute requirement of the moral law that may not be put off. Since this is so it would follow that the means of effecting social justice will be different at different times varying with the changing economic conditions. In no scheme will it be expedient to leave the matter merely to the good will of those who exercise great power over their fellow-men. In individual cases benevolence may be sufficient to ensure justice; as a general rule it does not work. Rights must have a more effective backing. Where legal regulation of mutual rights does not exist, justice can be brought about only by balancing the power of the parties concerned. Thus in the event of the domination of the employer, employees will have to enforce their legitimate demands by appropriate organization. In that case unionism would be the key to social justice. In a predominantly producer economy consumers' interests will be disregarded unless they in turn have recourse to organization by which they make their rights effective. Accordingly, there is not one key to social justice but many, the problem being of too complicated a nature to yield to one simple formula. Justice, like health, is a question of balance, and balance is never a onesided affair but is produced by the nice adjustment of a number of factors. It is no doubt the shrewd appreciation of this fact which induces Dr. J. Elliot Ross to speak of consumers' coöperation as a (not the) key of social justice.¹⁶

We cannot even claim for vocational organization to be *the* key to social justice because it envisages primarily the regulation of production and reasonable compensation for the agents of production, notably labor, whilst the interests of the consumers, that is of the non-industrial classes, will

¹⁶ "A Key to Social Justice?" in *The Ecclesiastical Review* (August, 1938).

have to be safeguarded by public authority. This mediating function cannot be dispensed with and hence no social organization of any kind can supersede political government, the aim of which is the common good, whereas all other agencies represent group interests which can be harmonized only by an impartial and superior authority but not by the interested parties themselves.

Though we feel that society cannot be entirely organized on the pattern of consumer cooperation, we can see no valid reason why the cooperative technique should not find a place in an occupationally constructed economy. Since consumer interests perdure even in a vocationally organized order, there is nothing to prevent that they be promoted by free associations of consumers, though, of course, in an economy squarely built on the principle of the common good and the idea of social service there will be far less use for them than in a competitive system based exclusively on the profit motive. We must not forget that in an economy with occupational structure, though it is still a producers' economy, production is not unregulated and unrelated to social needs. In fact, the essential reference to social needs and to consumption is embedded in the very structure of the occupational order for neither producer nor consumer is central in such an economy, but man whose producer as well as consumer interests are duly considered. Occupational industry means controlled production, controlled not for the benefit of the producer but for the good of all. This we take to be the meaning of the following passage: "All those versed in social matters demand a rationalization of economic life which will introduce sound and true order. . . . Nor is it to be imagined that remunerative occupations are thereby belittled or deemed less consonant with human dignity. On the contrary, we are taught to recognize and reverence in them the manifest will of God the Creator, Who placed man upon earth to work it and use it in various ways in order to supply his

needs. Those who are engaged in production are not forbidden to increase their fortunes in a lawful and just manner; indeed it is just that he who renders service to society and develops its wealth should himself have his proportionate share of the increased public riches, provided always that he respects the laws of God and the rights of his neighbor, and uses his property in accord with faith and right reason. If these principles be observed by all, everywhere and at all times, not merely the production and acquisition of goods, but also the use of wealth, now so often uncontrolled, will within a short time be brought back again to standards of equity and just distribution.”¹⁷

The gain motive in itself furnishes no sane norm for the control of production but in the system contemplated by the Holy Father such a rule is provided by the subordination of industry to the needs of society and such rationalization on the one hand will eschew overproduction harmful to the producer and on the other artificially created scarcity of commodities resulting in a rise of prices disadvantageous to the consumer. Monopoly prices would have to be prevented by state supervision. It is quite possible that in an occupational society at least a small margin will be left for cooperative enterprise and that consumers' cooperatives will continue to exist on the fringes of vocationally organized industry. In fact, considering the imperfection of all human schemes, it cannot be supposed that the occupational order will be so perfect that it requires no correctives such as consumers' cooperatives could supply. Again we here call attention to the fact that associational freedom is an outstanding feature of the Papal plan.

The problem of the consumer is not *ex professo* treated in the Encyclical. This is not an oversight, for on the one hand the continued insistence on the common good and the concept of the just price take into account also the interests of

¹⁷ “Quadragesimo Anno.”

the consumer, and on the other hand, the practical scope of the Papal plan precludes its preoccupation with problems that are only of remote concern. The great unweeded field of today is industry. The most urgent task is to restore justice within this vast empire. The occupational reorganization of industry aims directly at that goal. Indirectly, the reformation of industry will redound to the benefit of the rest of society. Moreover, Pius XI was convinced that the other classes of society are quite able to take care of their interests and consequently at the moment require no special attention, whereas the plight of vast sections of the wage-earning population is still such that they are incapable of effectual self-help. Nothing in the Encyclical indicates distrust of consumers' cooperation. To what extent it will actually further the inauguration of a new economy cannot definitely be foreseen at the present and still less to what degree its technique will be absorbed by the new order. Be this as it may, the cooperative movement contains great possibilities and may see considerable expansion in the near future. If it is guided by the right spirit and conducted on sound business principles, it will help to bring about social justice, extend the abundant life to increasing numbers and foster sentiments of brotherhood and mutual helpfulness. To indulge in further speculations would seem otiose. Besides it might endanger that unity among Catholics which Pius XI deemed so necessary and which he is anxious to preserve, as his earnest plea indicates: "To all our children, finally, of every social rank and every nation, to every religious and lay organization in the Church, we make another and more urgent appeal for union. Many times our paternal heart has been saddened by the divergencies—often idle in their cause, always tragic in their consequences—which array in opposing camps the sons of the same Mother Church."¹⁸

¹⁸ *Divini Redemptoris*.

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